

KEY TO  
ADVANCED ACCOUNTS

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## PREFACE

THIS Key has been prepared for the purpose of giving assistance to teachers and students in the correction of work. All practical exercises have been *adequately* worked.

Economy has been effected by the omission of folios and mirror Ledger accounts. Narrations for Journal entries have been made only where such have been asked of the examinee.

In a few cases, questions have been passed over by a reference to the textbook, as it has been thought unnecessary to duplicate information contained in *Advanced Accounts*.

Every care has been taken to ensure that adequate and accurate working which may reasonably be expected in a book of this kind, if it is to save the teacher and the student disappointment.

The present (fifth) edition is based on the completely revised and re-set edition of *Advanced Accounts*, first issued in 1942.



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# KEY TO ADVANCED ACCOUNTS

## EXERCISE I—No. 1.

### JOURNAL ENTRIES

		£	s.	d.	£	s.	d.
19..							
(a) Jan. 15	Office Furniture and Fittings, etc.—NEW To Office Furniture and Fittings, etc.—OLD Exchange of 3 carpets, valued £4 each, for 2 office desks worth £12.	12	—	—	12	—	—
19..							
(b) Jan. 17	Office Furniture and Fittings, etc.—NEW To Office Furniture and Fittings, etc.—OLD Exchange of office safe, valued £20, for typewriter worth £25.	25	—	—	25	—	—
" 17	Office Furniture and Fittings, etc.—OLD To Gain on Sale/or Exchange of Furniture, etc. For adjustment of value for which old furniture was exchanged.	5	—	—	5	—	—
		£42	—	—	£42	—	—

## EXERCISE I—No. 2.

### PURCHASES BOOK

		£	s.	d.	£	s.	d.
19..							
Jan. 1	A. Brown— 20 Bags of Coffee . . . . . Less 10% trade discount . . . . .	81 8	— 2	— —	72	18	—
" 5	R. Smith & Co.— 12 cases of Sugar . . . . . Less 12½% trade discount . . . . .	48 6	16 2	— —	42	14	—
" 9	T. Titus— 6 chests of Tea . . . . . Less 20% trade discount . . . . .	45 9	15 3	5 1	36	12	4
" 15	O. Omicron & Son— 20 bags of Coffee . . . . . Less 7½% trade discount . . . . .	80 6	16 1	8 3	74	15	5
" 23	P. Peters, Ltd.— 20 cases of Sugar . . . . . Less 5% trade discount . . . . .	61 3	— 1	— —	57	19	—
" 27	L. Lucas— 12 bags of Cocoa . . . . . Less 25% trade discount . . . . .	38 9	6 11	0 6	28	14	6
				£	313	13	3

## EXERCISE I—No. 3.

## JOURNAL ENTRIES

(P. SMITH'S BOOKS)

(1)

19..		£	s.	d.	£	s.	d.
Feb. 1	J. Swift	580	—	—	580	—	—
	To Sales						
" "	Bills Receivable	450	—	—	450	—	—
	To J. Swift						
	For bills of exchange of £250 and £200 for periods of two and four months respectively						
" "	J. Swift	8	16	8			
	To Commission				4	10	—
	1% of £450.				1	13	4
	To Discount						
	4% of £250 for two months.				2	13	4
	To Discount						
	4% of £200 for four months.						
" "	Cash	138	16	8			
	To J. Swift				138	16	8
	£130 as agreed and £8 16s. 8d. (the amount of the commis- sion and discounts).						
		£1,177	13	4	£1,177	13	4

## LEDGER

JOHN SWIFT

Dr.		JOHN SWIFT					(1)		Cr.	
19..		£	s.	d.	19..		£	s.	d.	
Feb. 1	To Sales . . . .	580	—	—	Feb. 1	By Bills Receivable	450	—	—	
" "	" Commission . .	4	10	—	" "	" Cash . . . .	138	16	8	
" "	" Discount . . .	4	6	8						
		£588	16	8			£588	16	8	

## EXERCISE I—No. 4.

## RECONCILIATION STATEMENT

	£	s.	d.	£	s.	d.
Bank Balance as per Pass Book . . . . .				205	15	5
<i>Add</i> cheques paid in not cleared—						
Plumer . . . . .	98	—	2			
Methuen . . . . .	208	16	4			
Cronje . . . . .	84	14	9			
				391	11	3
<i>Deduct</i> cheques paid away not yet presented—				597	6	8
Chernside . . . . .	41	—	10			
Hunter . . . . .	101	4	8			
				142	5	6
Bank Balance as per Cash Book, 31st Dec. . . . .				£455	1	2

## EXERCISE I—No. 5.

## BANK RECONCILIATION STATEMENT

	£	s.	d.
Balance shown in Bank Sheet . . . . .	1,123	4	7
<i>Add</i> cheques paid in not credited . . . . .	72	—	8
	1,195	5	3
<i>Less</i> cheques unrepresented . . . . .	240	6	2
Balance as Cash Book (a) . . . . .	954	19	1
<i>Add</i> Amounts not posted to Cash Book . . . . .	20	14	4
Balance as Cash Book (b) . . . . .	975	13	5
<i>Less</i> amounts not posted to Cash Book . . . . .	2	6	8
	£973	6	9

(a) After adjustment of omitted items.

(b) The Cash Book balance should have been £973 6s. 9d., and not £968 3s. 2d., as stated in the question.

There is thus a difference of £5 3s. 7d. which should be located by a check of the entries in the bank columns of the Cash Book with the entries on the Bank Sheets.

NOTE. The question does not seem to be perfectly clear as regards the item of Bank Interest. If it is intended to be a charge and not an allowance, the difference will be £9 16s. 11d.

EXERCISE I—No. 6.

Dr.

PETTY CASH BOOK OF W. MEARS

Cr.

Cash Received		Date	Particulars	Cash Paid		Trade Expenses		Office Expenses		Postages		Travelling Expenses	
£	s.	d.		£	s.	£	s.	£	s.	£	s.	£	s.
100	—	—	Jan. 2 To Bank	84	8	50	2	13	6	12	—	9	—
			" 2/7 By Sundry Payments (a)										
84	8	10	" 7 To Bank	100	—								
			" 7 By Balance c/d										
£184	8	10		184	8								
100	—	—	" 9 To Balance b/d	76	9	38	6	18	4	10	4	9	14
			" 9/14 By Sundry Payments										5
76	9	8	" 14 To Bank	100	—								
			" 14 By Balance c/d										
£176	9	8		176	9								
100	—	—	" 16 To Balance b/d	89	3	54	4	15	2	11	2	8	17
			" 16/21 By Sundry Payments										2
9	6	11	" 21 To Bank	100	—								
			" 21 By Balance c/d										
£189	6	11		189	6								
100	—	—	" 23 To Balance b/d	90	4	52	1	14	7	8	10	11	4
			" 23/28 By Sundry Payments										9
90	4	2	" 28 To Bank	100	—								
			" 28 By Balance b/d										
£190	4	2		190	4								
100	—	—	" 30 To Balance b/d										

a1 In practice, each item would be enumerated as under—  
 By Trade Expenses  
 " Office  
 " Postages  
 " Travelling



## EXERCISE I—No. 7.

See *Advanced Accounts*, page 6 (under "Present-day Use of Journal").  
Books in daily use in the Counting-house of a City Warehouseman are as enumerated below—

(1) Ledger; (2) Cash Book; (3) Purchases Book; (4) Sales Book; (5) Returns Books [(a) In, (b) Out]; (6) Bills Books. [(a) Receivable, (b) Payable.]

## EXERCISE I—No. 8.

## SALES BOOK

19..		£	s.	d.
July 1	A. Bunn— 1 bale Stuff Goods. (20 pieces, each 25 yds. @ 9d. a yard).	18	15	—

*Terms* : 1 month 6% prompt Cash.

## CASH BOOK

(DEBIT SIDE)

		Discount.			Cash.		
19..		£	s.	d.	£	s.	d.
Aug. 1	To A. Bunn . . . . .	1	2	6	17	12	6

## EXERCISE I—No. 9.

See *Advanced Accounts*, Chapter IX.

## EXERCISE I—No. 10.

## JOURNAL OF JOHN FARMER, WOOD MERCHANT

		£	s.	d.	£	s.	d.
(a)	Commission Account . . . . Dr. To Mr. Low . . . . . 2½% of £9,342 6s. 6d.	233	11	2	233	11	2
(b)	Solicitor's Charges. . . . Dr. Cash . . . . . To H. Smith . . . . . Settlement of H. Smith Account .	9 78	4 6	6 2	87	10	8
(c)	Sundry Assets Account . . . Dr. To D. Harris . . . . . Second-hand car purchased from D. Harris (debtor).	40	—	—	40	—	—

## EXERCISE I—No. 11.

A reference to *Advanced Accounts*, pages 3 to 5, will give the necessary information on the question.

## EXERCISE I—No. 12.

The books generally used in a Merchant's Office are as follows—

- |                            |                                |
|----------------------------|--------------------------------|
| (1) Journal.               | (6) Bank Cash Book.            |
| (2) Purchases Book.        | (7) Petty Cash Book (Imprest). |
| (3) Sales Book.            | (8) Bills Receivable Book.     |
| (4) Returns Inwards Book.  | (9) Bills Payable Book.        |
| (5) Returns Outwards Book. | (10) Ledger.                   |

The Cash Book ruling recommended is as example in Chapter IX of *Advanced Accounts*.

## EXERCISE I—No. 13.

## JOURNAL ENTRIES

19..		£	s.	d.	£	s.	d.
July 5	J. Smith . . . . .	147	10	—	147	10	—
	To Bills Payable . . . . .						
	For acceptance at 3 mos. dated 1st July						
" 5	Bills Receivable. . . . .	126	4	—	126	4	—
	To Wm. Dart . . . . .						
	For acceptance at 2 mos. dated 2nd July						
		£273	14	—	£273	14	—

## PURCHASES BOOK

19..		£	s.	d.
July 7	Wallace & Co.—			
	20 bales Fancy @ £25 a bale. . . . .	500	—	—

## SALES BOOK

19..		£	s.	d.
July 2	P. Jones—			
	12 pieces Tapestry (240 yds. @ 1/9) . . . . .	21	—	—
" 10	F. Humble—			
	20 pieces Fancy @ £35 a piece . . . . .	700	—	—
		£721	—	—

EXERCISE I—No. 13 (contd.).

Dr.

CASH BOOK

Cr.

		Discount.		Bank.		Discount.		Bank.		
		£	s. d.	£	s. d.	£	s. d.	£	s. d.	
19.. 2	To Sales	.	.	40	10	19.. 2	.	By W. Smith (Cheque No. 40)	54	—
July 3	„ Sales	.	.	39	15	July 9	.	„ Wallace & Co. (Cheq. No. 41)	485	—
„ 4	„ J. Brown	.	.	85	—	„ 10	.	„ Salaries (Cheque No. 42)	12	10
„ 4	„ Sales	.	.	54	—					6
„ 5	„ Sales	.	.	47	—					
„ 5	„ Sales	.	.	40	—					
„ 7	„ Sales	.	.	25	6					
„ 9	„ P. Jones	.	.	20	9					
„ 9	„ Sales	.	.	14	10					
„ 10	„ Sales	.	.	25	—					
„ 31	„ Bank Overdraft	.	.	160	—					
								£17 14	—	
				£5	—			£551 10	6	
					6					

EXERCISE I—No. 13 (*contd.*).

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Purchases . . . . .	500	—	—			
J. Smith . . . . .	147	10	—			
Bills Receivable . . . . .	126	4	—			
W. Smith . . . . .	56	14	—			
F. Humble . . . . .	700	—	—			
Salaries . . . . .	12	10	6			
Bills Payable . . . . .				147	10	—
J. Brown . . . . .				89	10	—
Sales . . . . .				1,007	1	—
Discount . . . . .				12	13	6
Wm. Dart . . . . .				126	4	—
Bank Overdraft . . . . .				160	—	—
	<u>£1,542</u>	<u>18</u>	<u>6</u>	<u>£1,542</u>	<u>18</u>	<u>6</u>

## EXERCISE I—No. 14.

## JOURNAL ENTRIES

19..		£	s.	d.	£	s.	d.
Jan.-Dec.	Purchases Account . . . . .	12,310	—	—			
	To Sundry Creditors . . . . .				12,310	—	—
	Sundry Debtors . . . . .	15,627	—	—			
	To Sales Account . . . . .				15,627	—	—
	Returns Inwards Account . . . . .	248	—	—			
	To Sundry Debtors . . . . .				248	—	—
	Sundry Creditors . . . . .	340	—	—			
	To Returns Outwards Account . . . . .				340	—	—
		<u>£28,525</u>	<u>—</u>	<u>—</u>	<u>£28,525</u>	<u>—</u>	<u>—</u>

Cr.

9

## EXERCISE I—No. 14 (contd.).

## OPENING ENTRIES

19..		£	s.	d.	£	s.	d.
Jan. 1	Bank . . . . .	225	—	—			
	Stock . . . . .	6,000	—	—			
	Warehouse . . . . .	1,500	—	—			
	Deposit Account . . . . .	2,500	—	—			
	To Jas. Thompson . . . . .				4,000	—	—
	„ Capital Account . . . . .				6,225	—	—
		£ 10,225	—	—	10,225	—	—

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Purchases . . . . .	12,310	—	—			
Debtors . . . . .	899	—	—			
Returns Inwards . . . . .	248	—	—			
Discount . . . . .	230	—	—			
Interest . . . . .	125	—	—			
Deposit Account . . . . .	1,000	—	—			
Stock . . . . .	6,000	—	—			
Bank . . . . .	695	—	—			
Warehouse . . . . .	1,500	—	—			
Trade Expenses . . . . .	1,555	—	—			
A. Clark . . . . .	500	—	—			
Sales . . . . .				15,627	—	—
Creditors . . . . .				1,370	—	—
Returns Outwards . . . . .				340	—	—
Jas. Thompson . . . . .				1,500	—	—
Capital . . . . .				6,225	—	—
	£ 25,062	—	—	25,062	—	—

## EXERCISE I—No. 15.

(Dr. SIDE)

## BANK ACCOUNT OF F. GRAY

	May											
	7th			14th			21st			28th		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Balance . . . . .	1,150	—	—	1,352	5	4	1,453	2	4	1,043	12	—
Sundry Debtors . . . . .	513	11	4	311	6	—	322	1	8	453	1	—
	<u>1,663</u>	<u>11</u>	<u>4</u>	<u>1,663</u>	<u>11</u>	<u>4</u>	<u>1,775</u>	<u>4</u>	<u>—</u>	<u>1,496</u>	<u>13</u>	<u>—</u>

(Cr. SIDE)

	May											
	7th			14th			21st			28th		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Sundry Creditors .	211	6	—	110	9	—	631	12	—	146	13	—
Transfers to Petty Cash .	100	—	—	100	—	—	100	—	—	100	—	—
Balance . . . . .	1,352	5	4	1,453	2	4	1,043	12	—	1,250	—	—
	<u>£1,663</u>	<u>11</u>	<u>4</u>	<u>1,663</u>	<u>11</u>	<u>4</u>	<u>1,775</u>	<u>4</u>	<u>—</u>	<u>1,496</u>	<u>13</u>	<u>—</u>

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Bank . . . . .	1,250	—	—			
Petty Cash . . . . .	45	—	—			
Cash Purchases . . . . .	55	—	—			
General Expenses . . . . .	44	19	3			
Salaries . . . . .	160	—	—			
Personal Drawings . . . . .	80	—	—			
Travellers' Expenses . . . . .	60	—	—			
Capital Account . . . . .				1,650	—	—
Sundry Creditors . . . . .				44	19	3
	<u>£1,694</u>	<u>19</u>	<u>3</u>	<u>1,694</u>	<u>19</u>	<u>3</u>

EXERCISE I—No. 15 (contd.).

Dr.

PETTY CASH BOOK (IMPREST)

Cr.

Cash Received		Date	Particulars	Cash Paid				Cash Purchases				Salaries		Drawings		Travelling Expenses	
£	d.			£	s.	d.	£	s.	d.	£	s.	£	s.	£	s.	£	s.
100	—	May 7	To Bank	9	11	4											
	—		By Purchases	75	—	—										15	—
	—		„ Salaries, etc.	84	11	4						40	—	20	—	£15	—
	—		By Balance c/d	15	8	8				£9	11	£40	—	£20	—		
100	—			£100	—	—											
15	8	7	To Balance b/d	13	3	9											
100	—	14	By Bank	75	—	—						40	—	20	—	15	—
	—		By Purchases	88	3	9				£13	3	£40	—	£20	—	£15	—
	—		„ Salaries, etc.	27	4	11											
	—		By Balance c/d	£115	8	8											
115	8																
27	11	14	To Balance b/d	15	11	—											
100	—	21	By Bank	75	—	—						40	—	20	—	15	—
	—		By Purchases	90	11	—				15	11	£40	—	£20	—	£15	—
	—		„ Salaries, etc.	36	13	11				£15	11						
	—		By Balance c/d	£127	4	11											
127	4																
36	13	21	To Balance b/d	16	13	11											
100	—	28	By Bank	75	—	—						40	—	20	—	15	—
	—		By Purchases	91	13	11				16	13	£40	—	£20	—	£15	—
	—		„ Salaries, etc.	45	—	—				£16	13						
	—		By Balance c/d	£136	13	11											
136	13																
45	—	28	To Balance b/d														



## EXERCISE I—No. 16.

In addition to points indicated on page 24 of *Advanced Accounts*, the student would be well advised to check up carefully whether he has placed Assets on the *Dr.* side, and Liabilities on the *Cr.* side of the Trial Balance. Note, also, that all expense items are usually *Dr.* in the Trial Balance. In brief, *all balances* of accounts appear on the *same side* of the Trial Balance as shown in the ledger accounts.

## EXERCISE I—No. 17.

The accuracy of the balance of a Bills Receivable Account is provided by the Bills Receivable Book if kept "marked up." The total bills outstanding as shown by the Bills Receivable Book should agree with the balance as shown by Bills Receivable Account.

## EXERCISE I—No. 18.

## X AND Y

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED  
30TH JUNE, 1938

<i>Dr.</i>		<i>Cr.</i>	
To Salaries	£ 2,630	By Trading Account	£
„ Rent, Rates, etc.	1,250	(gross profit)	10,440
„ Office Expenses, Stationery, etc.	470	„ Discounts Received	810
„ Bad Debts	220	„ Interest on Investments	150
„ Carriage Outwards	310		
„ Discounts Allowed	1,430		
„ Legal Expenses	230		
„ Insurances	320		
„ Interest on Capital Accounts—			
X 5% of £7,600	380		
Y 5% of £4,000	200		
„ Depreciation—			
Plant	450		
Motor Lorries	360		
Furniture, etc.	90		
„ Balance—NET Profit—			
X $\frac{5}{8}$ of £3,060	£1,700		
Y $\frac{3}{8}$ of £3,060	£1,360		
	3,060		
	£11,400		£11,400

## EXERCISE I—No. 18 (contd.).

BALANCE SHEET OF X AND Y  
AS AT 30TH JUNE, 1938

<i>Liabilities</i>		<i>Assets</i>	
	£		£
<i>Capital Accounts—</i>		Plant and Machinery .	4,050
X . . . . .	7,600	Motor Lorries . . . . .	1,440
Y . . . . .	4,000	Furniture and Fittings .	810
<i>Current Accounts—</i>		Investments . . . . .	2,500
X Balance, 1st July . . . . .	£1,650	Stock, 30th June . . . . .	6,780
Add Share of Profit . . . . .	£1,700	Sundry Debtors £6,790	
		Less Bad Debts . . . . .	
		Reserve . . . . .	£500
			6,290
Y Share of Profit £1,360	3,350	Rates Paid in Advance .	40
Less O/drawn £270		Insurance do. . . . .	30
	1,090	Cash in hand . . . . .	30
Bank O/draft . . . . .	1,320		
Bills Payable . . . . .	790		
Sundry Creditors . . . . .	3,820		
	£21,970		£21,970

## EXERCISE II—No. 1.

## ① THE PIMLICO CYCLE CO.

## TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

(Dr. SIDE)

	£	s.	d.	£	s.	d.
To Stocks, 1st January—						
„ Materials . . . . .	2,730	—	—			
„ Machines . . . . .	7,858	—	—			
				10,588	—	—
„ Purchases—Materials . . . . .				139,920	—	—
„ Wages of Workmen . . . . .				26,798	—	—
„ Balance—Gross profit . . . . .				19,484	—	—
				£196,790	—	—

(Cr. SIDE)

	£	s.	d.	£	s.	d.
By Sales—Machines . . . . .				188,680	—	—
„ Stocks, 31st December—						
„ Materials . . . . .	1,860	—	—			
„ Machines . . . . .	6,250	—	—			
				8,110	—	—
				£196,790	—	—

EXERCISE II—No. 1 (*contd.*).

## THE PIMLICO CYCLE CO.

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

<i>Dr.</i>	31ST DECEMBER, 19..						<i>Cr.</i>			
To Agents' Commission 4,890	£	s.	d.	£	s.	d.	By Trading Account (gross profit)	£	s.	d.
<i>Add</i> Commis. due. 700				5,590				19,484		
„ General Expenses .				720						
„ Travellers' Commis. and Salaries . . .				3,520						
„ Rents, Rates, & Taxes				1,900						
„ Bad Debts . . .				958						
„ Bad Debts Reserve				320						
„ Interest due to Cash Creditors . . .				200						
„ <i>Depreciation</i> — Plant & Machinery 5% of £6,880 . .				344						
„ <i>Interest on Cap. A/cs</i> P. Brown— 5% of £5,358. . . 267 18										
R. Phillips— 5% of £4,900. . . 245										
„ Balance—NET profit c/d				512 18						
				5,419 2						
	£			19,484				£	19,484	
<hr/>										
To <i>Capital Accounts</i> —	£	s.	d.	£	s.	d.	By Balance . . . . . b/d	£	s.	d.
P. Brown: $\frac{1}{2}$ share 2,709 11								5,419 2		
R. Phillips: $\frac{1}{2}$ share 2,709 11										
				5,419 2						
				£5,419 2				£5,419 2		

## THE PIMLICO CYCLE CO.

## BALANCE SHEET AS AT 31ST DECEMBER, 19..

<i>Liabilities.</i>					<i>Assets.</i>							
	£	s.	d.			£	s.	d.		£	s.	d.
Cash Creditor . . .				4,200	—	Cash at Bank . . .				3,990		
Bills Payable . . .				3,840	—	Sundry Debtors. . .	6,556	—				
Sundry Creditors . .				4,482	—	Less Bad Debts Res.	320	—				
Com. due to Agents .				700	—					6,236		
Capital Accounts—												
P. Brown:						Stocks—						
Balance 1st Jan. .	5,358	—				Materials . . .	1,860	—				
Add Interest . . .	267	18				Machines . . .	6,250	—		8,110		
" Share of Profit	2,709	11										
						Plant and Machinery	6,880	—				
	8,335	9				Less Depreciation .	344	—		6,536		
Less Drawings. . .	1,120	—								2,500		
				7,215	9	Buildings . . . . .						
R. Phillips:												
Balance 1st Jan. .	4,900	—										
Add Interest . . .	245	—										
" Share of Profit	2,709	11										
	7,854	11										
Less Drawings. . .	900	—										
				6,954	11							
				£ 27,372	—					£ 27,372	—	

## EXERCISE II—No. 2.

MESSRS. WOLFE, HARVEY & CO  
TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30TH JUNE, 19..

Dr.					Cr.
	£	s.	d.	£	s.
To Stock—1st July . . . . .				By Sales . . . . .	51,558
„ Purchases . . . . .	44,662			„ Stock—30th June . . . . .	19,514
„ Wages (manufacturing) . . . . .	6,838				
„ Balance—Gross profit . . . . .	10,310				
	71,072				71,072
To Advertising . . . . .	2,160			By Trading Account: Gross profit	10,310
Less amount paid in advance . . . . .	100			„ Discounts received . . . . .	766
„ Rent, Rates & Taxes . . . . .	1,396				
„ Add amount owing . . . . .	290				
	1,686				
„ Salaries . . . . .	1,700				
„ Trade Expenses . . . . .	1,098				
„ Addition to Bad Debts Reserve . . . . .	80				
„ Bad Debts . . . . .	152				
„ Depreciation—					
Plant & Machinery					
5% of £10,656	532	16			
„ Lease (annual amt. written off) . . . . .	200				
„ Interest on Capital					
Accounts—					
R. Wolfe:					
5% of £23,120 . . . . .	1,156				
T. Harvey:					
5% of £19,570 . . . . .	978	10			
	2,134	10			
„ Discounts allowed . . . . .	1,082				
„ Balance—Net profit to Capital A/cs—					
R. Wolfe: $\frac{1}{2}$ share . . . . .	175	7			
T. Harvey: $\frac{1}{2}$ share . . . . .	175	7			
	350	14			
	11,076				
	£			£	11,076

BALANCE SHEET AS AT 30TH JUNE, 19..

	£	s.	d.		£	s.	d.
To Rent, Rates, & Taxes	700	-	-	By Trading Account—Gross profit	5,873	-	10
Trade Charges.	460	-	-	Interest Account—			
" Interest & Discount	270	-	-	(For charge of 5% for 1 qr.			
Salaries.	1,200	-	-	on amount of £200 over-			
" Bad Debts Reserve.				drawn by F. Baxter) . .	2	10	-
24% of £17,078.	426	19	-				
" Interest on Capital							
Accounts—							
P. Rice:							
5% of £20,000	1,000	-	-				
F. Baxter:							
5% of £10,000	500	-	-				
	1,500	-	-				
" Balance, Net Profit							
to Capital A/cs:							
P. Price:							
½ share . . . . .	879	1	3				
F. Baxter:							
½ share . . . . .	439	10	7				
	1,318	11	10				
	£5,875	10	10		£5,875	10	10

EXERCISE II—No. 3 (*contd.*).

MESSRS. RICE & BAXTER  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES						ASSETS					
	£	s. d.	£	s. d.			£	s. d.	£	s. d.	
Bills Payable . . .			2,690	—	—	Bank—Current A/c.	2,418	—			
Sundry Creditors . .			3,920	—	—	„ —Deposit A/c.	1,900	—			
Rent Outstanding . .			160	—	—				3,418	—	—
Capital Accounts—						Bills Receivable . .			3,560	—	—
P. Rice:						Sundry Debtors . .	17,078	—			
Balance, 1st Jan. 20,000	—	—				Less Bad Debts					
Add Interest . . . 1,000	—	—				Reserve . . . . .	426	19			
„ Share of Profit 879	1	3							16,651	1	—
						Stock . . . . .			12,857	—	10
	21,879	1	3			Furniture & Fixtures			500	—	—
Less Drawings . . . 1,600	—	—									
			20,279	1	3						
F. Baxter:											
Balance, 1st Jan. 10,000	—	—									
Add Interest . . . . . 500	—	—									
„ Share of Profit 439	10	7									
	10,939	10	7								
Less Drawings . . . 1,002	10	—									
			9,937	—	7						
(including Int. of £2½)			£ 36,986	1	10				£ 36,986	1	10

## EXERCISE II—No. 4. ✓

## MESSRS. LEWIS &amp; CO.

## TRADING ACCOUNT

Dr.

FOR THE YEAR ENDED 30TH JUNE, 19..

Cr.

	£	s. d.		£	s. d.
To Stock, 1st July . .	9,645	—	By Sales . . . . .	37,500	—
„ Purchases . . . .	28,381	—	„ Stock, 30th June .	11,774	18 4
„ Freight and Carriage	158	—			
„ Wages . . . . .	5,340	—			
„ Bal.—Gross Profit .	5,750	18 4			
	£ 49,274	18 4		£ 49,274	18 4

## 6

### PROFIT AND LOSS ACCOUNT

*Cr.*

	£	s.	d.	£	s.	d.		£	s.	d.
To Gas & Elec. Light				80	-	-	By Trading Account—			
" Commission & Disc't.				420	-	-	Gross Profit . . . . .	5,750	18	4
" Addition to Bad Debts Reserve .				100	-	-				
" Salaries . . . .				1,000	-	-				
" Partnership Salary (due to T. Smithers)				300	-	-				
" Rent, Rates & Taxes				1,500	-	-				
" Travelling Exps. .				364	-	-				
" Bad Debts. . . .				119	-	-				
" General Expenses.				312	-	-				
" Interest on Capital— P. Lewis:										
5% of £7,012.	350	12	-							
T. Smithers:										
5% of £5,010.	250	10	-							
				601	2	-				
" Balance—Net Profit to Capital A/cs:										
P. Lewis, $\frac{1}{2}$ sh.	556	19	6							
T. Smithers, $\frac{1}{2}$ sh.	397	16	10							
				954	16	4				
				£5,750	18	4		£5,750	18	4

## BALANCE SHEET AS AT 30TH JUNE, 19..

LIABILITIES.			£	s.	d.	ASSETS.			£	s.	d.	
Bank Overdraft	.	.	739	—	—	Cash	.	.	20	—	—	
Bills Payable	.	.	1,970	—	—	Bills Receivable	.	.	781	—	—	
Sundry Creditors	.	.	6,245	—	—	Sundry Debtors	.	.	9,036	—	—	
<i>Capital Accounts—</i>						<i>Add Debtors for</i>						
<i>P. Lewis:</i>						<i>Rent</i>						
Balance, 1st July	7,012	—						50	—	—		
Add Interest	350	12						9,086	—	—		
„ Share of Profit	556	19	6									
	7,919	11	6									
Less Drawings	1,000	—	—									
				6,919	11	6						
<i>T. Smithers:</i>												
Balance, 1st July	5,010	—										
Add Interest	250	10										
„ Salary	300	—										
„ Share of Profit	397	16	10									
	5,958	6	10									
Less Drawings	400	—	—									
				5,558	6	10						
			£	21,431	18	4			£	21,431	18	4

## EXERCISE II—No. 5.

## MESSRS. ROCKLYN &amp; CO.

BALANCE SHEET AS AT 30TH SEPTEMBER, 19..

LIABILITIES.						ASSETS					
	£	s. d.	£	s. d.			£	s. d.	£	s. d.	
Sundry Creditors . .			3,080	-	-	Cash . . . . .	80	-	-	-	-
Capital Accounts—						Bank . . . . .	3,120	-	-	3,200	-
R. Rocklyn:						Sundry Debtors . .	9,300	-	-	-	-
Balance, 1st Oct. 10,840	-	-				Less Bad Debts					
Add Interest . . .	542	-				Reserve . . . . .	460	-	-		
„ Share of Profit 5,528	17	-									
	16,910	17					8,840	-	-		
Less Drawings . .	800	-				Less Disct. Reserve	221	-	-	8,619	-
			16,110	17	-					3,372	-
P. Farmley:						Stock . . . . .					
Balance, 1st Oct. 10,306	-	-				Plant & Machinery .	7,000	-	-	6,650	-
Add Interest . . .	515	6				Less Depreciation	350	-	-	10,000	-
„ Share of Profit 5,528	17	-								3,000	-
	16,350	3				Premises . . . . .					
Less Drawings . .	700	-				Extension of Works					
			15,650	3	-						
			£	34,841	-				£	34,841	-

## MESSRS. ROCKLYN &amp; CO.

## TRADING ACCOUNT

Dr. FOR THE YEAR ENDED 30TH SEPTEMBER, 19..

Cr.

Dr.						Cr.		
	£	s. d.		£	s. d.		£	s. d.
To Stock, 1st Oct. . .	7,960	-	By Sales . . . . .	49,240	-			
„ Purchases . . . .	18,682	-	„ Stock, 30th Sept. .	3,372	-			
„ Wages of Workmen .	6,338	-						
„ Coal and Coke . . .	1,040	-						
„ Bal.—Gross Profit .	18,592	-						
	£	52,612		£	52,612			



EXERCISE II—No. 5 (*contd.*).

## MESSRS. ROCKLYN &amp; CO.

## PROFIT AND LOSS ACCOUNT

<i>Dr.</i>			FOR THE YEAR ENDED 30TH SEPTEMBER, 19..			<i>Cr.</i>		
	£	s. d.	£	s. d.		£	s. d.	
To Repairs and Renewals			1,140	—	By Trading Account—			
„ Bad Debts. . .			196	—	„ Gross Profit . . . . .	18,592	—	—
„ General Expenses.			920	—	„ Rents received . . . . .	300	—	—
„ Travellers' Salaries and Commission			1,300	—	„ Discounts received . . . . .	390	—	—
„ Discounts allowed			860	—				
„ Rates and Taxes .			760	—				
„ Salaries of Clerks .			960	—				
„ Bad Debts Reserve			460	—				
„ Discount Reserve or Debtors				—				
„ Depreciation— Plant, etc. (2½% of £8,840)			221	—				
„ Interest on Capital— R. Rocklyn: 5% of £10,840	542	—		—				
P. Farmley: 5% of £10,306	515	6		—				
			1,057	6				
„ Balance—NET Profit to Capital A/cs. R. Rocklyn: ¼ sh. 5,528	17	—		—				
P. Farmley: ¼ sh. 5,528	17	—		—				
			11,057	14				
			£ 19,282	—		£ 19,282	—	—

## EXERCISE II—No. 6.

## MESSRS. W. PRICE &amp; E. ACKWORTH

## BALANCE SHEET AS AT 31ST MARCH, 19..

<i>LIABILITIES</i>		£	s. d.	£	s. d.	<i>ASSETS</i>		£	s. d.	£	s. d.
Bills Payable . . .				642	3 4	Cash in Hand . . . . .		6	7 3		
Rent Owing . . .				50	—	Cash at Bank . . . . .		112	6 6		
Sundry Creditors .				2,267	16 9					118	13 8
<i>Capital Accounts—</i>						Sundry Debtors . . . . .		4,796	10 —		
W. Price—						„ Less Bad Debts Reserve		119	18 3		
Bal., 1st April . .	5,696	10 —								4,676	11 9
Add Interest . .	284	16 6				Stock . . . . .				1,658	14 9
			5,981	6 6		Plant, Machinery, and Fixtures . . . . .		5,672	13 4		
Less Drawings . .	396	10 —				„ Less Depreciation . .		567	5 4		
„ Half Share of Loss . .	250	—				Insurance Unexpired . .				5,105	8 —
			646	10 —						7	3 4
E. Ackworth—					5,334	16 6					
Bal., 1st April . .	3,626	3 4									
Add Interest . .	181	6 2									
			3,807	9 6							
Less Drawings . .	285	14 6									
„ Half Share of Loss . .	250	—									
			535	14 6							
					3,271	15 —					
			£ 11,566	11 7				£ 11,566	11 7		

EXERCISE II—No. 6 (*contd.*).

## MESSRS. W. PRICE &amp; E. ACKWORTH

## TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH, 19..

Dr.				Cr.			
	£	s.	d.		£	s.	d.
To Stock, 1st April . . .				By Sales . . . . .	12,617	15	—
" Purchases . . . . .	8,329	4	1	Less Returns			
Less Returns Out-				Inward . . . . .	742	2	6
ward . . . . .	317	6	7				
				" Stock . . . . .			
" Carriage Inwards . . .							
" Manufactg. Wages . . .							
" " Expenses . . . . .							
" Factory Fuel and							
Power . . . . .							
" Balance, Gross							
Profit c/d . . . . .							
	£				£		
	13,534	7	3		13,534	7	3
To Office Salaries . . .				By Trading Account,			
" Lighting and Heat-				Gross Profit b/d			
ing . . . . .				" Bal., Net Loss . . .			
" Travelling . . . . .							
" Carriage Outwards . .							
" Rent, Rates, and							
Taxes . . . . .	276	14	9				
Add Quarter's Rent							
owing . . . . .	50	—	—				
" Office Expenses . . .							
" Discount . . . . .							
" Insurance . . . . .	57	6	3				
Less amount un-							
expired . . . . .	7	3	4				
" Interest on Capital							
" Provision for Bad							
Debts . . . . .							
" Depreciation—							
10% of Plant, etc.							
	£				£		
	2,446	7	5		2,446	7	5

## EXERCISE II—No. 7.

## MESSRS. PERRY &amp; RUSTON

## TRADING ACCOUNT

FOR THE YEAR ENDED 30TH APRIL, 19..

Dr.				Cr.			
	£	s.	d.		£	s.	d.
To Stock, 1st May . . .				By Sales . . . . .	21,360	—	—
" Purchases . . . . .	11,720	—	—	Less Returns			
Less Returns				Inwards . . . . .	2,860	—	—
Outward . . . . .	1,620	—	—				
				" Stock, 30th April			
" Carriage Inwards . . .							
" Wages (manufctg.)							
" Bal., Gross Profit . .							
	£				£		
	27,884	—	—		27,884	—	—

## EXERCISE II—No. 7 (contd.).

## MESSRS. PERRY &amp; RUSTON

## PROFIT AND LOSS ACCOUNT

Dr.			FOR THE YEAR ENDED 30TH APRIL, 19..			Cr.		
	£	s.	d.			£	s.	d.
To Law Charges . . .	42	—	—	By Trading Account—				
General Expenses . .	758	—	—	Gross Profit . . . . .	7,042	—	—	
Discounts allowed . .	860	—	—	Discounts received . . . .	580	—	—	
Salaries . . . . .	1,570	—	—	Discount Reserve on Creditors				
Bad Debts . . . . .	260	—	—	(2½% of £3,578) . . . . .	89	9	—	
Rent, Rates & Taxes . .	1,120	—	—					
Bad Debts Reserve								
(estimated) . . . . .	291	—	—					
Less Old Reserve . . .	220	—	—					
			71					
Discount Reserve								
on Debtors								
(3½% of £6,031)	226	3	3					
Depreciation—								
Plant & Machinery								
(10% of £5,900)	590	—	—					
Interest Account—								
Cash Creditor . . .	160	—	—					
Capital Accounts—								
A. Perry:								
5% of £9,280	464	—	—					
B. Ruston:								
5% of £7,520	376	—	—					
			1,000					
Balance—Net Profit								
to Capital A/cs—								
Perry: ½ sh..	728	11	6					
Ruston: ½ sh..	485	14	3					
			1,214	5	9			
			£7,711	9	—	£7,711	9	—

## MESSRS. PERRY &amp; RUSTON

## BALANCE SHEET AS AT 30TH APRIL, 19..

LIABILITIES.			£	s.	d.	ASSETS.			£	s.	d.	
Bills Payable . . . . .			1,870	—	—	Cash . . . . .	40	—				
Sundry Creditors . . .	3,578	—				Bank . . . . .	1,898	—				
Less Disc't. Reserve	89	9							1,938			
			3,488	11	—	Bills Receivable . . .			538			
Cash Creditor (including accrued interest)			4,160	7	—	Sundry Debtors . . .	6,322	—				
Capital Accounts—						Less Bad Debts						
Perry:						Reserve . . . . .	291	—				
Balance, 1st May	9,280	—							6,031	—		
Add Interest . . .	464	—				Less Disc't. Reserve	226	3	3			
" Share of Profit	728	11	6						5,804	16	9	
						Stock . . . . .			9,384			
	10,472	11	6			Plant & Machinery . .	5,900	—				
Less Drawings . . .	800	—				Less Depreciation	590	—				
			9,672	11	6				5,310			
Ruston:						Premises . . . . .			4,000			
Balance, 1st May	7,520	—										
Add Interest . . .	376	—										
" Share of Profit	485	14	3									
	8,381	14	3									
Less Drawings . . .	600	—										
			7,781	14	3							
			£	26,972	16	9			£	72	16	9

## EXERCISE II—No. 8.

## MESSRS. KINGSLEY &amp; LARKE

## TRADING ACCOUNT

Dr.

FOR THE YEAR ENDED 31ST JULY, 19..

Cr.

	£	s.	d.		£	s.	d.
To Stock, 1st Aug. . .	10,764	-	-	By Sales . . . . .	47,560	-	-
„ Purchases . . . .	21,162	-	-	„ Stock, 31st July .	9,550	-	-
„ Wages (manufctg.) .	9,294	-	-				
„ Bal.—Gross Profit .	15,890	-	-				
	£ 57,110	-	-		£ 57,110	-	-

## MESSRS. KINGSLEY &amp; LARKE

## PROFIT AND LOSS ACCOUNT

Dr.

FOR THE YEAR ENDED 31ST JULY, 19..

Cr.

	£	s.	d.		£	s.	d.
To Discounts allowed	950	-	-	By Trading Account—			
„ General Charges . .	1,370	-	-	„ Gross Profit . . .	15,890	-	-
„ Rent, Rates & Taxes	3,500	-	-	„ Discounts recd. . .	520	-	-
„ Bad Debts . . . .	920	-	-	„ Bad Debts Res.,			
„ Salaries . . . . .	2,520	-	-	1st Aug. . . . .	1,160	-	-
„ Insurance . . . .	190	-	-	Less New Pro-			
„ Int. on Capital A/cs—				vision (provided) 600	-	-	-
B. Kingsley:							
(5% of £21,360) 1,068	-	-	-				
R. Larke:							
(5% of £10,640) 532	-	-	-				
	1,600	-	-				
„ Depreciation—							
Patents							
(10% of £3,000) 300	-	-	-				
Plant & Machinery							
(10% of £14,690) 1,469	-	-	-				
Business Premises	200	-	-				
	1,969	-	-				
„ Work Manager's							
Commission							
(5% of £3,951)	197	11	-				
„ Balance—Net Profit							
to Capital A/cs—							
Kingsley: $\frac{1}{2}$ sh..	2,502	6	-				
Larke: $\frac{1}{2}$ sh. .	1,251	3	-				
	3,753	9	-				
	£ 16,970	-	-		£ 16,970	-	-

EXERCISE II—No. 8 (*contd.*).MESSRS. KINGSLEY & LARKE  
BALANCE SHEET AS AT 31st JULY, 19..

LIABILITIES.				ASSETS.			
£	s.	d.		£	s.	d.	
Bills Payable . . .			2,683	Cash . . . . .	20		
Sundry Creditors . .			6,994	Bank . . . . .	3,940		
Work Manager's Com.			197				
Capital Accounts—				Sundry Debtors . .	11,760		
B. Kingsley:				Less Bad Debts			
Balance, 1st Aug. 21,360	—	—		Reserve . . . .	600		
Add Interest . . . .	—	—					
" Share of Profit 2,502	6	—		Stock . . . . .			
				Less Depreciation	300		
24,930	6	—		Patents . . . . .	3,000		
Less Drawings . . .	—	—		Less Depreciation			
			22,990	Plant & Machinery .	14,690		
R. Larke:				Less Depreciation	1,469		
Balance, 1st Aug. 10,640	—	—					
Add Interest . . . .	—	—		Premises . . . . .	4,000		
" Share of Profit 1,251	3	—		Less Depreciation	200		
12,423	3	—					
Less Drawings . . .	—	—					
			11,523				
			£ 44,391				£ 44,391

## EXERCISE II—No. 9.

## MESSRS. RAMSDEN &amp; BROOKES

## PROFIT AND LOSS ACCOUNT

Dr. FOR THE YEAR ENDED 30TH JUNE, 19..

Cr.

Dr.				Cr.			
£	s.	d.		£	s.	d.	
To Discounts allowed			230	By Trading Account—			
" Rent, Rates & Taxes			860	Gross Profit . . . .	5,860		
" Repairs . . . .			146				
" Salaries . . . .			720				
" General Expenses.			852				
" Bad Debts Reserve							
(5% of £20,176)	1,008	16					
Less Old Reserve	600	—					
			408				
" Depreciation—							
Plant & Machinery							
(10% of £3,560)			356				
" Interest on Cap. A/cs—							
A. Ramsden:							
5% of £12,300	615	—					
P. Brookes:							
5% of £6,860)	343	—					
			958				
" Bal.—Net Profit							
(½ sh. to each partner)			1,329				
			£5,860				£5,860

EXERCISE II—No. 9 (*contd.*).

## MESSRS. RAMSDEN &amp; BROOKES

## TRADING ACCOUNT

<i>Dr.</i>				<i>Cr.</i>			
FOR THE YEAR ENDED 30TH JUNE, 19..							
To Stock, 1st July . .	£	s.	d.	By Sales . . . . .	£	s.	d.
„ Purchases . . . .	5,900	—	—	„ Stock, 30th June .	29,384	—	—
„ Wages . . . . .	17,182	—	—		2,498	—	—
„ Bal.—Gross Profit .	2,940	—	—				
	5,860	—	—				
	£	31,882	—		£	31,882	—

## MESSRS. RAMSDEN &amp; BROOKES

## BALANCE SHEET AS AT 30TH JUNE, 19..

LIABILITIES.				ASSETS.			
£	s.	d.		£	s.	d.	
Bills Payable . . . .	3,800	—	—	Cash . . . . .	30	—	—
Sundry Creditors . .	8,192	—	—	Bank . . . . .	1,120	—	—
Capital Accounts—							
A. Ramsden:				Bills Receivable . .	1,150	—	—
Balance, 1st July 12,300	—	—		Sundry Debtors . . .	620	—	—
Add Interest . . . .	615	—		Less Bad Debts . .			
„ Share of Profit 664	12	—		Reserve . . . . .	1,008	16	—
	13,579	12		Stock . . . . .	19,167	4	—
Less Drawings . . . .	1,200	—		Plant & Machinery .	2,498	—	—
	12,379	12	—	Less Depreciation	356	—	—
P. Brookes:					3,204	—	—
Balance, 1st July 6,860	—	—		Premises . . . . .	5,000	—	—
Add Interest . . . .	343	—					
„ Share of Profit 664	12	—					
	7,867	12					
Less Drawings . . . .	600	—					
	7,267	12	—				
	£	31,639	4		£	31,639	4

## EXERCISE II—No. 10.

## MESSRS. A B C &amp; CO.

## TRADING ACCOUNT

<i>Dr.</i>				<i>Cr.</i>			
FOR THE YEAR ENDED 31ST DECEMBER, 19..							
To Stock, 1st Jan. . .	£	s.	d.	By Sales . . . . .	£	s.	d.
„ Purchases . . . .	10,000	—	—	Less Returns . . .	25,000	—	—
Less Returns . . .				Inward . . . . .	300	—	—
Outward . . . . .	200	—	—	„ Stock, 31st Dec.			
„ Wages (manfctg.) . .			9,800				
„ Rent of Factory . .			2,000				
„ Carriage & Freight .			250				
on Raw Material . .			500				
„ Bal., Gross Profit .			14,650				
	£	32,200	—		£	32,200	—

## EXERCISE II—No. 10 (contd.).

MESSRS. A B C & CO.  
PROFIT AND LOSS ACCOUNT

Dr. FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
To General Expenses							By Trading Account						
(trade) . . . .				1,200	—	—	Gross Profit . .				14,650	—	—
„ Travelling Exps. .				600	—	—	„ Discts. received .				180	—	—
„ Office Salaries . .				2,200	—	—	„ Interest received .				120	—	—
„ Addition to Bad							„ Interest on C's						
Debts Reserve . .				400	—	—	overdrawn						
„ Discts. allowed . .				220	—	—	Capital A/c . .				50	—	—
„ Rates, Taxes, and													
Insurance . . . .				120	—	—							
„ Depreciation—													
Horses, Harness,													
etc.													
(10% of £2,000)	200	—	—										
Plant & Machinery													
(5% of £6,000)	300	—	—										
Fixtures and Fittings													
(10% of £500)	50	—	—										
				550	—	—							
„ Int. on Cap. A/cs													
A (5% of £10,000)	500	—	—										
B (5% of £10,000)	500	—	—										
				1,000	—	—							
Bal.—Net Profit													
to Cap. A/cs—													
A, $\frac{1}{8}$ share . . . .	3,484	—	—										
B, $\frac{1}{8}$ share . . . .	3,484	—	—										
C, $\frac{1}{8}$ share . . . .	1,742	—	—										
				8,710	—	—							
				£ 15,000	—	—					£ 15,000	—	—

## MESSRS. A B C &amp; CO.

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.	£	s.	d.	£	s.	d.	ASSETS.	£	s.	d.	£	s.	d.
Sundry Creditors . .				1,000	—	—	Cash . . . . .	10	—	—			
Capital Accounts—							Bank . . . . .	2,300	—	—			
A: Bal., 1st Jan. . .	10,000	—	—								2,310	—	—
Add Interest . . .	500	—	—				Sundry Debtors . .	6,000	—	—			
„ Sh. of Profit . . .	3,484	—	—				Less Bad Debts						
							Reserve . . . . .	600	—	—			
	13,984	—	—								5,400	—	—
Less Drawings . . .	1,000	—	—				Advance on M'tgage				2,000	—	—
				12,984	—	—	Stock . . . . .				7,500	—	—
B: Bal., 1st Jan. . .	10,000	—	—				Fixtures & Fittings .	500	—	—			
Add Interest . . .	500	—	—				Less Depreciation	50	—	—			
„ Sh. of Profit . . .	3,484	—	—								450	—	—
	13,984	—	—				Horses, Harness, and	2,000	—	—			
Less Drawings . . .	1,000	—	—				Vehicles . . . . .	200	—	—			
				12,984	—	—	Less Depreciation				1,800	—	—
C: Share of Profit . .	1,742	—	—				Plant & Machinery .	6,000	—	—			
Less Balance, . . .							Less Depreciation	300	—	—			
1st Jan. £1,000 . .											5,700	—	—
Less Drawings . . .							Freehold Offices . .				2,000	—	—
500													
Int. . . 50													
	1,550	—	—										
				192	—	—							
				£ 27,160	—	—					£ 27,160	—	—

## EXERCISE II—No. II.

## POOLE &amp; CO.

## PROFIT AND LOSS ACCOUNT

Dr. FOR THE YEAR ENDED 30TH SEPTEMBER, 19..

Cr.

	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
To Salaries . . . . .				940	—	—	By Trading Account						
" Commission . . . . .				660	—	—	Gross Profit . . . . .				7,610	—	—
" Discts. allowed . . . . .				1,064	—	—	" Discts. received . . . . .				720	—	—
" Rent, Rates, and Taxes . . . . .				1,660	—	—							
" General Expenses . . . . .				872	—	—							
" Travelling Exps. . . . .				520	—	—							
" Deprectn. of Plant . . . . .				1,026	—	—							
" Int. on Cap. A/c													
R. Poole:													
(5% of £9,000)	450	—	—										
F. Winchley:													
(5% of £9,000)	450	—	—										
				900	—	—							
" Bal.—Net Profit to Capital A/cs:													
R. Poole $\frac{1}{2}$ sh.	344	—	—										
F. Winchley, $\frac{1}{2}$ sh.	344	—	—										
				688	—	—							
				£8,330	—	—					£8,330	—	—

## POOLE &amp; CO.

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Drawings Accounts—						
R. Poole . . . . .	800	—	—			
F. Winchley . . . . .	800	—	—			
Sundry Debtors . . . . .	7,360	—	—			
Plant and Machinery . . . . .	9,252	—	—			
Premises . . . . .	3,000	—	—			
Bank . . . . .	1,180	—	—			
Salaries . . . . .	940	—	—			
Carriage . . . . .	450	—	—			
Commission . . . . .	660	—	—			
Depreciation . . . . .	1,026	—	—			
Discounts allowed . . . . .	1,064	—	—			
Rent, Rates, and Taxes . . . . .	1,660	—	—			
Wages . . . . .	5,480	—	—			
General Expenses . . . . .	872	—	—			
Travelling Expenses . . . . .	520	—	—			
Purchases . . . . .	26,720	—	—			
Capital Accounts—						
R. Poole . . . . .				9,000	—	—
F. Winchley . . . . .				9,000	—	—
Bills Payable . . . . .				1,500	—	—
Sundry Creditor . . . . .				6,204	—	—
Discounts received . . . . .				720	—	—
Sales . . . . .				35,360	—	—
	£61,784	—	—	£61,784	—	—
Stock, 30th Sept., £4,900.						



## EXERCISE II—No. II (contd.).

## POOLE &amp; CO.

BALANCE SHEET AS AT 30TH SEPTEMBER, 19..

LIABILITIES.				£	s.	d.	£	s.	d.
Bills Payable	.	.	.				1,500	—	—
Sundry Creditors	.	.	.				6,204	—	—
<i>Capital Accounts—</i>									
R. Poole :									
Balance, 1st Oct.	.	.	.	9,000	—	—			
Add Interest	.	.	.	450	—	—			
„ Share of Profit	.	.	.	344	—	—			
				9,794	—	—			
Less Drawings	.	.	.	800	—	—	8,994	—	—
F. Winchley :									
Balance, 1st Oct.	.	.	.	9,000	—	—			
Add Interest	.	.	.	450	—	—			
„ Share of Profit	.	.	.	344	—	—			
				9,794	—	—			
Less Drawings	.	.	.	800	—	—	8,994	—	—
							£25,692	—	—
ASSETS.									
Bank	.	.	.				1,180	—	—
Sundry Debtors	.	.	.				7,360	—	—
Stock	.	.	.				4,900	—	—
Plant—NET	.	.	.				9,252	—	—
Premises	.	.	.				3,000	—	—
							£25,692	—	—

## POOLE &amp; CO.

## TRADING ACCOUNT

Dr. FOR THE YEAR ENDED 30TH SEPTEMBER, 19.. Cr.

	£	s.	d.		£	s.	d.
To Purchases	26,720	—	—	By Sales	35,360	—	—
„ Carriage	450	—	—	„ Stock, 30th Sept.	4,900	—	—
„ Wages of Workmen	5,480	—	—				
„ Bal.—Gross Profit	7,610	—	—				
	£ 40,260	—	—		£ 40,260	—	—

## EXERCISE II—No. 12.

## MESSRS. H. OAKLEY &amp; W. DENHAM

## TRADING AND PROFIT AND LOSS ACCOUNT

*Dr.*

FOR THE YEAR ENDED 31ST DECEMBER, 19..

*Cr.*

	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
To Stock, 1st Jan. . . . .				10,910	5	5	By Sales . . . . .				45,230	2	10
„ Purchases . . . . .				31,038	10	7	„ Stock, 31st Dec., . . . .				14,725	2	6
„ Carriage . . . . .				1,066	2	9	19.. . . .						
„ Wages . . . . .				7,930	1	4							
„ Bal., Gross Profit . . . . .				9,010	5	3							
				£ 59,955	5	4					£ 59,955	5	4
To Salaries . . . . .				550	—	—	By Trading Account, . . . . .						
„ Rates and Taxes . . . . .				251	9	11	„ Gross Profit . . . . .				9,010	5	3
„ Gen. Trade Exps. . . . .				1,040	17	2	„ Interest and Dis- . . . .				43	12	1
„ Repairs . . . . .				337	13	1							
„ Office Expenses . . . . .				104	5	3							
„ Insurance . . . . .				191	11	4							
„ Int. on Mortgage . . . . .													
(½ yr. at 5% of . . . . .)													
£4,500 added) . . . . .				225	—	—							
„ Bad Debts Reserve . . . . .													
(5% of £8,510) . . . . .				425	10	—							
„ Depreciation— . . . . .													
Machinery & Plant . . . . .	450	—	—										
(7½% of £6,000). . . . .													
Fixtures & Fittings . . . . .	216	—	—										
(6% of £3,600) . . . . .				666	—	—							
„ Int. on Capital A/cs . . . . .													
H. Oakley . . . . .	500	—	—										
(5% of £10,000) . . . . .													
W. Denham . . . . .	450	—	—										
(5% of £9,000) . . . . .				950	—	—							
„ Addition to Res. . . . .													
Fund provided . . . . .													
(7½% of £4,311/10/7) . . . . .				323	7	3							
„ Bal.—Net Profit . . . . .													
to Capital A/cs: . . . . .													
H. Oakley, ½ sh. . . . .	1,994	1	8										
W. Denham, ½ sh. . . . .	1,994	1	8										
				3,988	3	4							
				£ 9,053	17	4					£ 9,053	17	4

EXERCISE II—No. 12 (*contd.*).MESSRS. H. OAKLEY & W. DENHAM  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.	£	s.	d.	£	s.	d.	ASSETS.	£	s.	d.	£	s.	d.
Bank Overdraft . . .				2,437	—	—	Cash in hand . . .	8,510	—	—	£ 472	14	7
Bills Payable. . .				2,402	8	2	Sundry Debtors. . .						
Sundry Creditors . .				13,802	18	4	Less Bad Debts						
Mtgs. on Premises . .	4,500	—	—				Reserve. . .	425	10	—	8,084	10	—
Int. due on Mtgs. . .	112	10	—								14,725	2	6
				4,612	10	—	Stock. . . . .						
Reserve Fund . . .	1,050	—	—				Machinery & Plant .	6,000	—	—			
Add Transfer from							Less Depreciation	450	—	—	5,550	—	—
Profit and Loss	323	7	3				Fixtures & Fittings .	3,600	—	—			
				1,373	7	3	Less Depreciation	216	—	—	3,384	—	—
Capital Accounts—							Freehold Premises .				13,100	—	—
H. Oakley:													
Bal., 1st Jan. . .	10,000	—	—										
Add Interest . .	500	—	—										
„ Sh. of Profit	1,994	1	8										
	12,494	1	8										
Less Drawings . .	1,767	10	—										
				10,726	11	8							
W. Denham:													
Bal., 1st Jan. . .	9,000	—	—										
Add Interest . .	450	—	—										
„ Sh. of Profit	1,994	1	8										
	11,444	1	8										
Less Drawings . .	1,482	10	—										
				9,961	11	8							
				£ 45,316	7	1					£ 45,316	7	1

## EXERCISE II—No. 13.

## LEDGER

(Dr. SIDE) H. SHEPHERD'S DRAWINGS ACCOUNT

		Months.	Interest.			Amount.		
			£	s.	d.	£	s.	d.
19..								
Feb. 1	To Cash . . . . .	11	£ 2	5	10	£ 50	—	—
Apr. 1	„ „ . . . . .	9	3	15	—	100	—	—
June 1	„ „ . . . . .	7	1	9	2	50	—	—
Aug. 1	„ „ . . . . .	5	1	—	10	50	—	—
Oct. 1	„ „ . . . . .	3	1	5	—	100	—	—
Dec. 1	„ „ . . . . .	1		4	2	50	—	—
31	„ Interest . . . . .					10	—	—
						£ 410	—	—

EXERCISE II—No. 13 (*contd.*).

## (Dr. SIDE) G. ELKINGTON'S DRAWINGS ACCOUNT

		Months.	Interest.			Amount.		
			£	s.	d.	£	s.	d.
19..								
Feb. 1	To Cash . . . . .	11	1	2	11	25	—	—
Mar. 1	" " . . . . .	10	1	11	3	37	10	—
May 1	" " . . . . .	8	2	1	8	62	10	—
June 1	" " . . . . .	7	1	9	2	50	—	—
Aug. 1	" " . . . . .	5		10	5	25	—	—
Sept. 1	" " . . . . .	4		12	6	37	10	—
Nov. 1	" " . . . . .	2		10	5	62	10	—
Dec. 1	" " . . . . .	1		4	2	50	—	—
31	" Interest . . . . .					8	2	6
						<u>£358</u>	<u>2</u>	<u>6</u>

## MESSRS. H. SHEPHERD &amp; G. ELKINGTON

## TRADING AND PROFIT AND LOSS ACCOUNT

Dr. FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
To Purchases . . . . .				3,857	6	6	By Sales . . . . .				9,756	10	7
" Carriage & Freight . . . . .				255	4	7	" Stock, 31st Dec. . . . .				3,750	—	—
" Wages . . . . .				1,304	2	6							
" Bal., Gross Profit . . . . .				8,089	17	—							
				<u>13,506</u>	<u>10</u>	<u>7</u>					<u>13,506</u>	<u>10</u>	<u>7</u>
To Salaries . . . . .				457	10	—	By Trading Account . . . . .						
" Taxes & Insurance . . . . .				224	12	6	Gross Profit . . . . .				8,089	17	—
" Rents . . . . .				525	7	6	" Interest on Drawing Accounts . . . . .						
" General Charges . . . . .				108	2	2	(as above Ledger Accounts) —						
" Repairs and Depreciation . . . . .				212	5	7	H. Shepherd . . . . .	10	—	—			
" Int. and Disc't . . . . .				250	3	7	G. Elkington . . . . .	8	2	6			
" Partnership Salary (Due to G. Elkington) . . . . .				100	—	—					18	2	6
" Int. on Cap. A/cs . . . . .													
H. Shepherd: . . . . .													
(5% of £4,000) . . . . .	200	—	—										
G. Elkington . . . . .													
(5% of £1,000) . . . . .	50	—	—										
				<u>250</u>	—	—							
" Bal.—Net Profit to Capital A/cs . . . . .													
H. Shepherd: . . . . .													
½ share . . . . .	2,989	19	1										
G. Elkington: . . . . .													
½ share . . . . .	2,989	19	1										
				<u>5,979</u>	<u>18</u>	<u>2</u>							
				<u>£8,107</u>	<u>19</u>	<u>6</u>					<u>£8,107</u>	<u>19</u>	<u>6</u>

BALANCE SHEET AS AT 31ST DECEMBER, 19..

ASSETS.		£	s.	d.
(a) Sundry Debtors.		16,368	16	3
Less Bad Debts Reserve		818	8	10
		<u>15,550</u>	<u>7</u>	<u>5</u>
(b) AS "A"	✓			

## EXERCISE II—No. 15.

<i>Dr.</i>		BAD DEBTS ACCOUNT						<i>Cr.</i>		
19..						19..				
(a) Dec. 31	To Sundries . . .	£ 62	s. 15	d. 10	(a) Dec. 31	By Profit and Loss . .	£ 62	s. 15	d. 10	
(b) Dec. 31	To Sundries . . .	62	15	10	(b) Dec. 31	By Bad Debts Res. . .	62	15	10	
" 31	" Profit and Loss . .	14	14	1	" 31	" " " " . .	14	14	1	

<i>Dr.</i>		BAD DEBTS RESERVE ACCOUNT						<i>Cr.</i>		
19..						19..				
(a) Dec. 31	To Profit and Loss . .	£ 77	s. 9	d. 11	(a) Dec. 1	By Balance . . .	£ 268	s. 16	d. 7	
(b) Dec. 31	To Bad Debts . . .	62	15	10	(b) Dec. 1	By Balance . . .	268	16	7	
" 31	" " . . .	14	14	1						

<i>Dr.</i>		PROFIT AND LOSS ACCOUNT						<i>Cr.</i>		
19..						19..				
Dec. 31	To Bad Debts . . .	£ 62	s. 15	d. 10	(a) Dec. 31	By Bad Debts Res. . .	£ 77	s. 9	d. 11	
					(b) Dec. 31	" " " " . .	14	14	1	

## BALANCE SHEET, 31st December, 19..

					ASSETS.					
					(a) Sundry Debtors . . . . .	£ 3,826	s. 13	d. 6		
					Less Bad Debts Reserve . . .	191	6	8		
						£3,635	6	10		
					(b) As "A"					

## EXERCISE II—No. 16.

<i>Dr.</i>		BAD DEBTS RESERVE ACCOUNT						<i>Cr.</i>		
19..						19..				
(a) Dec. 31	To Profit and Loss . .	£ 56	s. 10	d. 6	(a) Dec. 1	By Balance . . .	£ 56	s. 10	d. 6	
(b) Dec. 31	To Bad Debts . . .	56	10	6	(b) Dec. 1	By Balance . . .	56	10	6	

<i>Dr.</i>		BAD DEBTS ACCOUNT						<i>Cr.</i>		
19..						19..				
(b) Dec. 31	To Profit and Loss . .	£ 56	s. 10	d. 6	(b) Dec. 31	By Bad Debts Res. . .	£ 56	s. 10	d. 6	

<i>Dr.</i>		PROFIT AND LOSS ACCOUNT						<i>Cr.</i>		
						19..				
						(a) Dec. 31	By Bad Debts Res. . .	£ 56	s. 10	d. 6
						(b) Dec. 31	" Bad Debts . . .	56	10	6

EXERCISE II—No. 16 (*contd.*).

BALANCE SHEET, 31st December, 19..

				ASSETS.			
				(a) Sundry Debtors.	£	s.	d.
				(b) As "A"	1,026	8	10

## EXERCISE II—No. 17.

Dr.		DISCOUNTS ALLOWED ACCOUNT						Cr.		
19..								19..		
(a) Dec. 31	To Sundries . . .	£	s.	d.	(a) Dec. 31	By Profit and Loss .	£	s.	d.	
		163	17	8			163	17	8	
(b) Dec. 31	To Sundries . . .	163	17	8	(b) Dec. 31	By Disc't. Reserve .	163	17	8	
" 31	" Discount Reserve	195	5	8	" 31	" Profit and Loss .	195	5	8	

Dr.				DISCOUNT RESERVE ON DEBTORS ACCOUNT				Cr.				
								19..				
								(a) Dec. 1	By Balance . . .	175	15	6
								" 31	" Profit and Loss .	31	8	—
(b) Dec. 31	To Discts. Allowed .	163	17	8				(b) Dec. 1	By Balance . . .	175	15	6
								" 31	" Discts. Allowed .	195	5	8

Dr.				PROFIT AND LOSS ACCOUNT				Cr.			
19..				£	s.	d.					
(a) Dec. 31	To Discts. Allowed .	163	17	8							
" 31	" Discount Reserve	31	8	—							
(b) Dec. 31	To Discts. Allowed .	195	5	8							

BALANCE SHEET, 31st December, 19..

				ASSETS.			
				(a) Sundry Debtors	£	s.	d.
				Less Bad Debts Res. £218/1/7	4,361	10	11
				" Discount Res. £207/3/6	425	5	1
					£3,936	5	10
				(b) As "A"			

## EXERCISE II—No. 18.

Dr.		DISCOUNTS RECEIVED ACCOUNT						Cr.	
19..							19..		
(a) Dec. 31	To Profit and Loss .	£	110	s. 16	d. 6	(a) Dec. 31	By Sundries . . .	£	110 16 6
(b) Dec. 31	To Discount Reserve	110	16	6		(b) Dec. 31	By Sundries . . .	110	16 6
" 31	" Profit and Loss .	113	19	11		" 31	" Discount Reserve	113	19 11

Dr.		DISCOUNT RESERVE ON CREDITORS						Cr.							
19..		£		s.		d.		19..		£		s.		d.	
(a)	Dec. 1	To Balance . . .	120	10	6										
	" 31	" Profit and Loss . .	3	3	5										
(b)	Dec. 1	To Balance . . .	120	10	6			(b)	Dec. 31	By Discts. Received .	110	16	6		
	" 31	" Discts. Received .	113	19	11										

EXERCISE II—No. 18 (*contd.*).

<i>Dr.</i>		PROFIT AND LOSS ACCOUNT				<i>Cr.</i>		
					19..			
					(a) Dec. 31	By Discts. Received .	£	s. d.
					" 31	" Discount Reserve	110	16 6
					(b) Dec. 31	By Discts. Received .	3	3 5
							113	19 11

## BALANCE SHEET, 31st December, 19..

<i>Dr.</i>						<i>Cr.</i>		
LIABILITIES.		£	s.	d.				
(a) Sundry Creditors . . . .		4,947	17	5				
Less Discount Reserve . . .		123	13	11				
		£4,824	3	6				
(b) As "A"								

## EXERCISE II—No. 19.

<i>Dr.</i>		DISCOUNTS RECEIVED ACCOUNT				<i>Cr.</i>		
19..		£	s.	d.	19..			
(a) Dec. 31	To Profit and Loss .	187	16	5	(a) Dec. 31	By Sundries . . .	£	s. d.
							187	16 5
(b) Dec. 31	To Discount Reserve	187	16	5	(b) Dec. 31	By Sundries . . .	187	16 5
" 31	" Profit and Loss .	192	16	2	" 31	" Discount Reserve	192	16 2

<i>Dr.</i>		DISCOUNT RESERVE ON CREDITORS				<i>Cr.</i>		
19..		£	s.	d.	19..			
(a) Dec. 1	To Balance . . . .	160	13	6			£	s. d.
" 31	" Profit and Loss .	4	19	9				
(b) Dec. 31	To Balance . . . .	160	13	6	(b) Dec. 31	By Discts. Received .	187	16 5
" 31	" Discts. Received .	192	16	2				

<i>Dr.</i>		PROFIT AND LOSS ACCOUNT				<i>Cr.</i>		
					19..			
					(a) Dec. 31	By Discts. Received .	£	s. d.
					" 31	" Discount Reserve	187	16 5
					(b) Dec. 31	By Discts. Received .	4	19 9
							192	16 2

## BALANCE SHEET, 31st December, 19..

<i>Dr.</i>						<i>Cr.</i>		
LIABILITIES.		£	s.	d.				
Sundry Creditors . . . . .		6,626	10	11				
Less Discount Reserve . . .		165	13	3				
		£6,460	17	8				



## EXERCISE II—No. 20.

<i>Dr.</i>				BAD DEBTS ACCOUNT				<i>Cr.</i>			
		£	s.	d.				£	s.	d.	
19..					19..						
Dec. 31	To Sundries . . . .	1,000	—	—	Dec. 31	By Profit and Loss . .		1,000	—	—	
19..					19..						
Dec. 31	To Sundries . . . .	1,100	—	—	Dec. 31	By Profit and Loss . .		1,100	—	—	

<i>Dr.</i>				BAD DEBTS RESERVE				<i>Cr.</i>			
		£	s.	d.				£	s.	d.	
19..					19..						
Dec. 31	To Balance c/d . . . .	1,125	—	—	Jan. 1	By Balance . . . . .		860	—	—	
					Dec. 31	„ Profit and Loss . .		265	—	—	
		£1,125	—	—				1,125	—	—	
19..					19..						
Dec. 31	To Profit and Loss . .	174	9	—	Jan. 1	By Balance b/d . . . .		1,125	—	—	
„ 31	„ Balance c/d . . . .	950	11	—				£1 125	—	—	
		£1,125	—	—							
					Dec. 31	By Balance b/d . . . .		950	11	—	

<i>Dr.</i>				PROFIT AND LOSS ACCOUNT				<i>Cr.</i>			
		£	s.	d.				£	s.	d.	
19..											
Dec. 31	To Bad Debts . . . . .	1,000	—	—							
„ 31	„ Bad Debts Reserve . .	265	—	—							
	(Additional amount to raise reserve to 7½% of £15,000)										
		£1 265	—	—							
19..					19..						
Dec. 31	To Bad Debts . . . . .	1,100	—	—	Dec. 31	By Bad Debts Reserve .		174	9	—	
						(Amount credited to reduce reserve to 7½% of £12,674)					

## EXERCISE II—No. 21.

## JOHN COMBINE

## TRADING ACCOUNT

<i>Dr.</i>				FOR THE YEAR ENDED 31ST DECEMBER, 19..				<i>Cr.</i>			
		£	s.	d.				£	s.	d.	
To Stock, 1st Jan. . .	9,600	—	—		By Sales (less Returns						
„ Purchases . . . .	12,000	—	—		„ Inwards £100)			24,900	—	—	
„ Railway Charges . .	500	—	—		„ Stock, 31st Dec. . .			3,500	—	—	
„ Wages . . . . .	3,200	—	—								
„ Balance, Gross Profit	3,100	—	—								
	£ 28,400	—	—					£ 28,400	—	—	



## EXERCISE II—No. 22.

## MESSRS. BLACK &amp; WHITE

## TRADING AND PROFIT AND LOSS ACCOUNT

Dr. FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
To Stock, 1st Jan. . .				3,000			By Sales . . . . .				24,800		
„ Purchases. . . .				16,450			„ Stock, 31st Dec.				3,225		
„ Wages(manufactg.)				2,150									
„ Bal., Gross Profit				6,425									
				28,025							28,025		
To Salaries . . . .				820			By Trading Account						
„ Rates and Taxes.				325			Gross Profit .				6,425		
„ Trade Charges .				400									
„ Bad Debts Res.													
(5% of £13,100).	655												
Less Old Res. .	600												
				55									
„ Int. on Loan A/c													
(4½% of £5,000)				225									
„ Depreciation—													
Plant & Mchnry.													
(5% of £4,000).				200									
„ Lease (¼ of £2,400													
written off) .				400									
„ Int. on Cap. A/cs													
Black													
(5% of £5,000)	250												
White													
(5% of £2,000)	100			350									
„ Bal. — Net Profit													
to Capital A/cs													
Black, ¼ share.	1,825												
White, ¼ share.	1,825												
				3,650									
				£6,425							£6,425		

## MESSRS. BLACK &amp; WHITE

BALANCE SHEET AS AT 31ST DECEMBER, 19..

	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
LIABILITIES.							ASSETS.						
Loan Account . . .				5,225			Bank . . . . .				1,200		
Sundry Creditors .				15,345			Sundry Debtors. .	13,100					
Capital Accounts—							Less Bad Debts						
Black:							Reserve. . . . .	655					
Bal., 1st Jan. . .	5,000										12,445		
Add Interest . .	250						Stock . . . . .				3,225		
Sh. of Profit . .	1,825						Plant . . . . .	4,000					
	7,075						Less Depreciation	200			3,800		
Less Drawings .	550			6,525			Premium on Lease	2,400					
							Less annual amt.						
White:							written off . .	400			2,000		
Bal., 1st Jan. . .	2,000						Freehold Land and				8,000		
Add Interest . .	100						Buildings . . . .						
Sh. of Profit . .	1,825												
	3,925												
Less Drawings .	350			3,575									
				£30,670							£30,670		

## EXERCISE II—No. 23.

See *Advanced Accounts*, page 981 (under appropriate heading).

## EXERCISE II—No. 24.

## MESSRS. SLANDER &amp; BACKBITE

## TRADING ACCOUNT

<i>Dr.</i> FOR THE YEAR ENDED 31ST DECEMBER, 19..						<i>Cr.</i>			
	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st Jan. . .				342	-	-	By Sales and Sub-		
<i>Purchases—</i>							scriptions		
Paper . . .	2,220	-	-				(Newspr. Dept.)	4,852	-
Ink . . .	88	-	-				„ Sales (Job.Dept.)	848	-
				2,308	-	-			5,700
„ Lit. Contributions				898	-	-	„ Advertisements		
„ Reporters' Salaries				798	-	-	(Receipts) . .	6,290	-
„ Comps' Wages . .				2,035	-	-	Less amt. paid		
„ Machine & Engine-							in advance . .	750	-
room Expenses .				242	-	-			5,540
„ Carriage . . .				264	-	-	„ Stock, 31st Dec.		381
„ Bal.—Gross Profit				4,734	-	-			
				£ 11,621	-	-		£ 11,621	-

## MESSRS. SLANDER &amp; BACKBITE

## PROFIT AND LOSS ACCOUNT

<i>Dr.</i> FOR THE YEAR ENDED 31ST DECEMBER, 19..						<i>Cr.</i>			
	£	s.	d.	£	s.	d.	£	s.	d.
To Office Salaries . .				748	-	-	By Trading Account		
„ Rates, Taxes & Gas				50	-	-	Gross Profit .		4,734
„ Insurance . . .				34	-	-	„ Bad Debts Res.,		
„ Postages . . .				182	-	-	1st Jan. . .	430	-
„ Exps. of Bch. Office				129	-	-	Less New Pro-		
„ Audit Fee . . .				52	-	-	vision (5% of		
„ Stable Expenses . .				121	-	-	£8,440) . . .	422	-
„ Law Charges . . .				124	-	-			8
„ Commissions . . .				152	-	-			
„ Bank Interest . .				37	10	-			
„ Trade and Inci-									
dental Exps. . .				82	-	-			
„ Bad Debts . . .				142	-	-			
„ Depreciation—									
Plant									
(10% of £4,400).	440	-	-						
Type	580	-	-						
Horses & Carts									
(10% of £194) .	19	8	-	1,039	8	-			
„ Bal.—Net Profit									
to Capital A/cs									
(½ of £1,849/2/-									
to each partner)				1,849	2	-			
				£4,742	-	-		£4,742	-

EXERCISE II—No. 24 (*contd.*).MESSRS. SLANDER & BACKBITE  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES						ASSETS					
	£	s. d.	£	s. d.			£	s. d.	£	s. d.	
Bank Overdraft . . .	1,500	—			Cash . . . . .				457	—	
<i>Add Int. accrued</i> .	37	10			Sundry Debtors . .	8,440	—			—	
			1,537	10	<i>Less Bad Debts</i> .						
Sundry Creditors . .			862	—	Reserve . .	422	—				
<i>Advtd. paid in advance</i>			750	—					8,018	—	
<i>Capital Accounts—</i>					Stock . . . . .	4,400	—		381	—	
<i>S. Slander:</i>					Plant & Machinery .	440	—				
<i>Bal., 1st Jan.</i> . .	9,864	—			<i>Less Depreciation</i>				3,960	—	
<i>Add Sh. of Profit</i>	924	11			Type . . . . .	2,900	—				
					<i>Less Depreciation</i>	580	—		2,320	—	
<i>Less Drawings</i> . .	10,788	11			Horses and Carts .	194	—				
	1,040	—	9,748	11	<i>Less Depreciation</i>	19	8		174	12	
B. Backbite:					Freehold Works . .	4,950	—				
<i>Bal., 1st Jan.</i> . .	7,540	—			<i>Add Extensions</i>						
<i>Add Sh. Profit</i> . .	924	11			<i>during year</i>	150	—		5,100	—	
<i>Less Drawings</i> . .	8,464	11									
	952	—									
			7,512	11							
			£ 20,410	12					£ 20,410	12	

## EXERCISE II—No. 25.

JOURNAL OF W. JONES & CO.  
JOURNAL ENTRIES FOR ADJUSTMENTS

19..		£	s.	d.	£	s.	d.
(a)	Machinery and Plant A/c . . . . .	450	—	—			
	To Purchases A/c . . . . .				450	—	—
(b)	G. Smith . . . . .	15	12	8			
	To Bad Debts Recovered A/c . . . . .				15	12	8
(c)	B. Brown . . . . .	10	4	8			
	To Allowances A/c . . . . .				10	4	8
(d)	Returns Inwards A/c . . . . .	52	1	4			
	To R. Robinson . . . . .				52	1	4
		£527	18	8	£527	18	8

EXERCISE II—No. 25 (*contd.*).

## STATEMENT OF ADJUSTED PROFIT

Dr.			Cr.		
	£	s. d.	£	s. d.	
19..					
Balance as per Profit and Loss A/c .			2,481	6	4
(a) Reduction of Purchases . . .			450	—	—
(b) Recovery of amount previously W/o			15	12	8
(c) Reduction of Allowances . . .			10	4	8
(d) Adjustment of Sales to NET amount	52	1 4			
Total CREDIT of Profit & Loss A/c.			2,957	3	8
Less DEBIT item of P. and L. A/c.			52	1	4
Actual Profit for year . . .			£2,905	2	4

## EXERCISE II—No. 26.

Dr.		PUBLICATION OF BOOKS ACCOUNT				Cr.		
		£	s.	d.		£	s.	d.
Year 1	To Paper . . .	70	—	—	Year 1	By Sales, i.e. . .	500	—
	„ Printing . . .	100	—	—		(2,000 Copies @ 5/-ea.)	90	—
	„ Binding . . .	100	—	—		„ Stock at Cost . .		
	„ Royalties . . .	100	—	—		( $\frac{900 \times 300}{3,000}$ )		
	„ Advertising . . .	30	—	—				
	„ Profit on Sales . .	190	—	—				
		£590	—	—		£590	—	—
Year 2	To Stock (at Cost). .	90	—	—	Year 2	By Sales, i.e. . .	225	—
	„ Royalties . . .	45	—	—		(900 Copies @ 5/-ea.)		
	„ Profit on Sales . .	90	—	—				
		£225	—	—			£225	—

Dr.		AUTHOR'S ACCOUNT					Cr.		
							£	s.	d.
				Year 1	By Royalties	.	100	—	—
				Year 2	By Royalties	.	45	—	—

Dr.		ROYALTIES ACCOUNT						Cr.			
Year 1	To Author . . .	£	100	s.	—	Year 1	By Publication of Books	£	100	s.	—
Year 2	To Author . . .		45	—	—	Year 2	By Publication of Books		45	—	—

## H. FRANCIS

[illegible]

EXERCISE II—No. 27 (contd.).

H. FRANCIS

Dr.				PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..				Cr.			
	£	s.	d.		£	s.	d.		£	s.	d.
To General Expenses					241	2	2	By Trading Account	2,004	7	9
" Discounts Allowed					263	12	-	" Discounts Received	199		
" Bank Charges					7	8	8				
" Office Salaries					427	12	-				
" Rates and Taxes					242	-	1				
" Insurance.	47	6	3								
Less amount unexpired	12	4	2								
Bad Debts					35	2	1				
" Stationery					92	12	2				
" Bad Debts Reserve	500	-	-		47	8	2				
(Amount required)											
Less Old Reserve	310	7	6								
Interest Due on Loan Account					189	12	6				
Depreciation—					12	-	-				
Plant and Machinery	144	5	3								
(10% of £1,442/12/1)											
Furniture, etc.	34	4	2								
(10% of £342/1/7)											
Balance, Net Profit					178	9	5				
					466	9	4				
					£2,203	8	7		£2,203	8	7



EXERCISE II—No. 27 (*contd.*).

## H. FRANCIS

BALANCE SHEET AS AT 31ST DECEMBER, 19..

[illegible]

## EXERCISE II—No. 28.

## RENT AND RATES ACCOUNT OF RILEY BROS.

<i>Dr.</i>				<i>Cr.</i>			
1936				1936			
Jan. 1	Rates prepaid . . .	£	s. d.	Jan. 1	Rent outstanding . . .	£	s. d.
" 4	Rent for Christmas . . .	90	- -	Dec. 31	Balance to P. and L. A/c	90	- -
Mar. 29	Rent for Lady Day . . .	90	- -			513	7 4
June 26	Rates to 30th Sept. . .	74	14 8				
July 7	Rent for Midsummer . . .	90	- -				
Sept. 30	Rent for Michaelmas . . .	90	- -				
Dec. 28	Rent for Christmas . . .	90	- -				
" 31	Rates owing c/d . . .	40	8 11				
		£603	7 4			£603	7 4
				1937			
				Jan. 1	Rates owing b/d . . .	40	8 11

## EXERCISE II—No. 29.

## RENT AND RATES ACCOUNT OF A LIMITED CO.

<i>Dr.</i>				<i>Cr.</i>			
1933				1933			
July 1	Rates prepaid . . .	£	s. d.	June 30	Rate. prepaid . . .	£	s. d.
Sept. 30	Rent . . .	500	- -	" 30	Balance to P. and L. A/c	305	- -
Dec. 31	Rent . . .	500	- -			3,190	- -
1934							
Mar. 31	Rates . . .	590	- -				
" 31	Rent . . .	500	- -				
June 30	Rent . . .	500	- -				
" 30	Rates . . .	610	- -				
		£3,495	- -			£3,495	- -

*Note.* The quarter's Rent to June, 1933, does not apply to the year under review. Although paid on 10th July, that amount is debited to Landlord's Account; the Rent Account, including the June quarter, will have been transferred to Profit and Loss Account for the year ended June, 1933.

Dr. TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE HALF-YEAR ENDED 30TH JUNE, 19..

	£	s.	d.	£	s.	d.		£	s.	d.
To Stock, 1st Jan. . .				4,850	-	-	By Sales . . .	36,700	-	-
" Wages . . .				12,684	-	-	Less Allowances			
" Royalty . . .				5,000	-	-	and Returns . . .	500	-	-
" Coals . . .				1,260	-	-				
" Candles and Oil . .				390	-	-	" Stock, 30th June			36,200
" Powder . . .				372	-	-				5,000
" Ropes . . .				53	-	-				
" Timber . . .				1,280	-	-				
" Bal., Gross Profit				15,311	-	-				
				41,200	-	-				41,200
To Carr'ge & Freight				913	-	-	By Trading Account			
" Salaries . . .				939	-	-	Gross Profit . .			15,311
" Rents, Rates, and							" Discs. received .			75
" Taxes . . .				2,330	-	-	" Discount Reserve			
" Repairs . . .				360	-	-	on Creditors . .			200
" Bank Charges . . .				200	-	-	(2½% of £8,000)			
" Discs. allowed . .				850	-	-				
" Damages for										
Breach of Ctrot.				100	-	-				
Reserve for Bad										
Debts (amount										
provided) . . .				445	-	-				
" Discount Reserve										
on Debtors . . .										
(2½% of £6,300-				146	7	8				
£445) . . .										
" Depreciation—										
Plant and Mchy.										
(5% of £3,522				88	1	-				
for 6 months) .										
" Lease (proportion				550	-	-				
written off to ex-										
tinguish in 15yr.)										
" Bal. — Net Profit				8,664	11	6				
to Capital A/c.										
				15,586	-	-				15,586

## BALANCE SHEET AS AT 30TH JUNE, 19..

LIABILITIES				ASSETS			
	£	s.	d.		£	s.	d.
Sundry Creditors	8,000	—	—	Cash . . . . .	9	—	—
Less Disc't. Reserve	200	—	—	Bank . . . . .	5,709	—	—
			7,800				5,718
			286				—
Wages unpaid				Sundry Debtors.	6,300	—	—
Capital Account—				Less Bad			
Balance, 1st Jan.	20,000	—	—	Debts Res. 445			
Add Profit for ½ yr.	8,664	11	6	„ Dis. Res. 146½	59½	7	6
	28,664	11	6				5,708
Less Drawings.	800	—	—	Stock. . . . .			5,000
			27,864	Office Furniture			100
			11 6	Plant & Machinery	3,522	—	—
				Less Depreciation	88	1	—
							3,433
				Lease. . . . .	16,500	—	19
				Less amount written off . . . .	550	—	—
							15,950
				Fire Insurance. ppd.			40
			£ 35,950		£	35,950	11 6
			11 6				

## EXERCISE III—No. 1.

## JOURNAL OF A, B, and C

		£	s.	d.	£	s.	d.
(a)	Depreciation . . . . Dr.	37	10	—			
	To Shop Fittings, etc. . . .				37	10	—
(b)	A's Current Account . . . Dr.	3	10	—			
	To Wages Account . . . .				3	10	—
(c)	Advertising . . . . Dr.	42	—	—			
	To Stock Account . . . .				42	—	—
(d)	Interest Account . . . . Dr.	1,000	—	—			
	To A's Capital Account . . .				450	—	—
	„ B's Capital Account . . .				350	—	—
	„ C's Capital Account . . .				200	—	—

## EXERCISE III—No. 2.

Dr.	DISCOUNTS RECEIVED ACCOUNT	Cr.
19..		
(a) Dec. 31	To Profit and Loss . . . £ 57 12 2	(a) Dec. 31 By Sundries . . . £ 57 12 2
(b) Dec. 31	To Discount Reserve . . . 57 12 2	(b) Dec. 31 By Sundries . . . 57 12 2
„ 31	„ Profit and Loss . . . 33 12 10	„ 31 „ Discount Reserve . . . 33 12 10

Dr.	DISCOUNT RESERVE ON CREDITORS	Cr.
19..		
(a) Dec. 1	To Balance . . . . £ 157 9 9	(a) Dec. 31 By Profit and Loss . . £ 23 19 4
(b) Dec. 31	To Balance . . . . 157 9 9	(b) Dec. 31 By Discts. Received . . 57 12 2
„ 31	„ Discts. Received . . 33 12 10	

Dr.	PROFIT AND LOSS ACCOUNT	Cr.
19..		
(a) Dec. 31	To Discount Reserve . . . £ 23 19 4	(a) Dec. 31 By Discts. Received . . £ 57 12 2
		(b) Dec. 31 „ „ „ . . . 33 12 10

## BALANCE SHEET, 31st December, 19..

LIABILITIES.	£	s.	d.
Sundry Creditors . . . .	5,340	18	10
Less Discount Reserve . . .	133	10	5
	£5,207	8	5

## EXERCISE III—No. 3.

## JOURNAL

		£	s.	d.	£	s.	d.
(a)	Discount Account . . . . Dr. To Suspense Account . . . .	1	5	3	1	5	3
(b)	Suspense Account . . . . Dr. To Wages . . . .	9	—	—	9	—	—
(c)	Suspense Account . . . . Dr. To Sundry Creditors . . . .	4	15	—	4	15	—
(d)	Sales Account . . . . Dr. To Suspense Account . . . .	1	—	—	1	—	—

## EXERCISE III—No. 4.

Dr.				SUSPENSE ACCOUNT				Cr.			
19..	To Balance . . . .	£	s.	d.	19..	By Discount . . . .	£	s.	d.		
	" Sales . . . .	77	8	—		" Customer . . . .	3	6	4		
	" Cash Purchases . . . .	9	—	—		" General Expenses . . . .	80	—	—		
		1	18	4			5	—	—		
		£88	6	4			£88	6	4		

## EXERCISE III—No. 5.

## BALANCE SHEET OF CHAS. CANTAU

LIABILITIES				ASSETS			
Bank Overdraft . . . .	£	s.	d.	Cash in hand . . . .	£	s.	d.
Loan Account . . . .	146	—	—	Stock . . . .	147	—	—
Sundry Creditors . . . .	2,000	—	—	Sundry Debtors . . . .	617	—	—
Capital Account . . . .	4,600	—	—	Furniture, etc. . . .	3,437	—	—
Balance, 1st Jan. . . .	1,000	—	—	Less Depreciation . . . .	£780	—	—
Add Profit . . . .	£513	—	—	Freehold Premises . . . .	78	—	—
	156	—	—		702	—	—
Less Drawings . . . .	£669	—	—		3,000	—	—
	512	—	—				
	157	—	—				
	£7,903	—	—				
					£7,903	—	—

## EXERCISE III—No. 6.

JOURNAL  
ADJUSTMENT ENTRIES

		£	s.	d.	£	s.	d.
(1)	H. Carver . . . . . <i>Dr.</i>	22	15	—			
	To Suspense Account . . . . .				22	15	—
(2)	Plant and Machinery . . . . . <i>Dr.</i>	350	—	—			
	To Purchases Account . . . . .				350	—	—
(3)	Suspense Account . . . . . <i>Dr.</i>	91	—	—			
	To Returns Inward . . . . .				91	—	—
(4)	Sales Account . . . . . <i>Dr.</i>	68	5	—			
	To Suspense Account . . . . .				68	5	—
	Net Profit . . . . .				3,553	17	1
	Add Purchases wrongly charged . . . . .	350	—	—			
	„ Returns Inward Over-cast . . . . .	91	—	—			
		441	—	—			
	Less Sales Over-cast . . . . .	68	5	—			
					372	15	—
	Adjusted NET Profit . . . . .				£3,926	12	1

## EXERCISE III—No. 7.

## JOURNAL

		£	s.	d.	£	s.	d.
	Bad Debts Reserve . . . . . <i>Dr.</i>	92	7	6			
	To Bad Debts . . . . .				92	7	6
	Sundry Creditors . . . . . <i>Dr.</i>	8	15	—			
	To Bad Debts Reserve . . . . .				8	15	—
	Profit and Loss Account . . . . . <i>Dr.</i>	108	12	6			
	To Bad Debts Reserve . . . . .				108	12	6

Dr. BAD DEBTS RESERVE ACCOUNT

Cr.

	£	s.	d.		£	s.	d.
To Bad Debts . . . . .	92	7	6	By Balance . . . . .	75	—	—
„ Balance c/d . . . . .	100	—	—	„ Sundry Creditors . . . . .	8	15	—
				„ Profit and Loss . . . . .	108	12	6
	£192	7	6		£192	7	6

## EXERCISE III—No. 8.

	£	s.	d.	£	s.	d.
Difference in totals of Trial Balance as stated	38	9	3			
(a) Amount omitted from list of credit balances in the Bought Ledger				5	9	6
(b) Amount required to be debited to Debtor to correct posting of £3 15s. cash received as £5 13s.	1	18	—			
(c) Allowance debited to creditor and not entered elsewhere required to be credited to Returns Outwards through Returns Outwards Book					19	9
(d) Amount required to be credited to Discounts Received to compensate for £17 4s. posted to debit of that account instead of the credit				34	8	—
	£40	7	3	40	17	3
Difference still remaining		10	—			
	£40	17	3	£40	17	3

## EXERCISE III—No. 9.

$$\begin{aligned} \text{Percentage of } \left\{ \begin{array}{l} (a) \text{ Gross Profit on Sales} = \frac{1,700 \times 100}{5,100} = 33\frac{1}{3}\%. \\ (b) \text{ Gross Profit on Cost of Goods Sold} = \frac{1,700 \times 100}{3,400} = 50\%. \\ (c) \text{ Net Profit on Sales} = \frac{1,020 \times 100}{5,100} = 20\%. \\ (d) \text{ Expenses on Cost of Goods Sold} = \frac{680 \times 100}{3,400} = 20\%. \end{array} \right. \end{aligned}$$

## EXERCISE III—No. 10.

The books used in the Counting-house of a City Warehouseman are as follows—

- |                     |                    |
|---------------------|--------------------|
| (1) Ledger.         | (4) Sales Book.    |
| (2) Cash Book.      | (5) Bills Books.   |
| (3) Purchases Book. | (6) Returns Books. |

The Ledger is of essential importance.

*Note.*—The Cash Book proper is part of the LEDGER.

## EXERCISE III—No. 11.

See *Advanced Accounts*, pages 290 and 291, for example of Cash Book.

EXERCISE III--No. 12.

*Dr.* COAL TRADING ACCOUNT *Cr.*

Date.	Particulars.	1 Ton of 21 Cwts.	Price per Ton.	1 Ton of 20 Cwts.	Amount.	Date.	Particulars.	Tons.	@	Amount.
19.. Jan. 1	To Stock in hand			250	<i>£</i> 193 15 6	19.. Jan. 31	By Sales of Coal (Large)	4,590	<i>s. d.</i> 19 6	<i>£</i> 4,475 5 -
" 2	" 500 Trucks of 7 tons each	3,675	6 4	3,500	1,108 6 8	" 31	" Sales of Coal (Small)	410	"	82 -
" 3	" Railway Charges on 3,500 t.		6 10		1,195 16 8			5,000	tons	
" 15	" Cargo (f.o.b. Sunderland)	1,302	7 2	1,240	444 6 8	" 31	" Shrinkage	227	"	
" 31	" Freight (London)		2 3		315 - -					
" 31	" Cartage, etc., on 410 tons				562 10 -					
" 31	" Balance (gain)				737 - -					
	(250 + 3675 + 1302 = 5,227)				<i>£</i> 4,557 5 -			5,227	tons	<i>£</i> 4,557 5 -



MESSRS. A. MACADAM & J. WESTRUM

Dr. Cr.  
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

[illegible]

EXERCISE III—No. 13 (contd.).

MESSRS. A. MACADAM & J. WESTRUM

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.		£	s.	d.	£	s.	d.	ASSETS.		£	s.	d.	£	s.	d.
Sundry Creditors . . .	.				1,362	13	3	Cash in hand . . .	.						
Capital Accounts—	.							Cash at Bank . . .	.						
Angus MacAdam . . .	.	6,000	—	—				Sundry Debtors . . .	.	1,596	15	—	719	13	—
John Westrum . . .	.	2,000	—	—	8,000			Less Bad Debts Reserve . . .	.	79	16	9			
Drawing Accounts—	.							Stock . . .	.				1,516	18	3
Angus MacAdam : . .	.	300	—	—				Plant and Machinery . . .	.	1,036	10	—	1,991	7	6
Interest on Capital . .	.	958	4	—				Less Depreciation . . .	.	103	13	—			
Share of Profit . . .	.							Land and Buildings . . .	.	4,960	—	—	932	17	—
Less Drawings. . . . .	.	1,258	4	—				Less Depreciation . . .	.	124	—	—			
John Westrum : . . .	.	1,000	—	—	258	4		Unexpired Values—	.				4,836	—	—
Interest on Capital . .	.	100	—	—				Rates . . .	.	27	1	9			
Partnership Salary . .	.	300	—	—				Insurance . . .	.	16	7	9			
Share of Profit . . .	.	319	8	—									43	9	6
Less Drawings. . . . .	.	719	8	—											
	.	300	—	—	419	8	—								
	.														
	.				10,040	5	3						10,040	5	3
	.				£							£			

Instructions suggested are—

(d) Clerks must exercise care with regard to proportional amounts *re* Wages, Rent, Insurances, etc., so that the exact amounts chargeable against the accounting period are brought into account. ✓

Dr. FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

	£	s.	d.	£	s.	d.		£	s.	d.
To Discounts allowed				572			By Trading Account—			
„ Fire Insurance	90	—	—				„ Gross Profit . . . . .	11,242		
„ Less amt. prepaid	20	—	—				„ Rents received . . . . .	200		
				70						
„ General Expenses.				940						
„ Salaries . . . . .				2,920						
„ Rent, Rates & Taxes				1,000						
„ Depreciation										
„ Premises . . . . .	100	—	—							
„ Plant & Machinery										
„ (10% of £7,640)	764	—	—							
				864						
„ Bad Debts Reserve										
„ (5% of £13,208)				660	8	—				
„ Interest on Capital										
„ (5% of £25,300)				1,265						
„ Bank Interest due				100						
„ Balance—Net Profit										
„ to Capital A/c .				3,050	12	—				
„ .										
				£ 11,442				£ 11,442		

Dr.	FOR THE YEAR ENDED 31ST DECEMBER, 19..	Cr.
-----	--	-----

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st Jan. . .	9,570	-	-	By Sales . . . . .	44,970	-	-	-	-
" Purchases. . . . .	25,360	-	-	<i>Less Returns</i>	-	-	-	-	-
" Wages of Workmen.	11,782	-	-	Inwards . . .	3,190	-	-	41,780	-
Bal.—Gross Profit	11,242	-	-					16,174	-
	<u>£ 57,954</u>	-	-	" Stock, 31st Dec.				<u>£ 57,954</u>	-



## EXERCISE III—No. 16 (contd.).

## GREEN, RICHARDS &amp; CO.

## PROFIT AND LOSS ACCOUNT

Dr.		FOR THE YEAR ENDED 31ST DECEMBER, 19..										Cr.	
	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
To Salaries of Staff . . .				618	13	8	By Trading Account,						
„ Office Expenses . . .				493	8	5	Gross Profit . . .				9,600	5	5
„ Discount . . .				394	11	3							
„ Interest on Loans . . .				12	10	—							
„ Insurance . . .				63	4	—							
„ Bad Debts . . .				17	2	6							
„ Sundry Trade Charges . . .				2,838	18	9							
„ Depreciation—													
Machinery													
(7½% of £10,000)	750	—	—										
Works													
(2½% of £6,500)	162	10	—										
				912	10	—							
„ Partnshp. Salaries				1,500	—	—							
(£500 to each ptr.)													
„ Int. on Cap. A/cs													
J. Green													
(5% of £8,000)	400	—	—										
H. Richards													
(5% of £7,000)	350	—	—										
R. Everitt													
(5% of £5,000)	250	—	—										
				1,000	—	—							
„ Loss on Consgmt..				198	10	—							
„ Bal.—Net Profit													
to Capital A/cs													
(¼ of £1,550/16/10													
to each partner).				1,550	16	10							
				£9,600	5	5					£9,600	5	5

## GREEN, RICHARDS &amp; CO.

## BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.		£	s.	d.	£	s.	d.	ASSETS.		£	s.	d.	£	s.	d.
Loans . . .					500	—	—	Cash . . .		16	14	11			
Bills Payable . . .					918	19	11	Bank . . .		1,029	17	7			
Sundry Creditors . . .					4,726	15	2						1,046	12	6
Capital Accounts—								Bills Receivable . . .		5,162	11	1	365	10	—
J. Green:								Sundry Debtors . . .							
Bal., 1st June . . .	8,000	—	—					Less Bad Debts							
Add Interest . . .	400	—	—					Reserve . . .		100	—	—			
„ Salary . . .	500	—	—												
„ Sh. of Profit . . .	516	19	—							5,062	11	1			
				9,416	19	—		Less Disct. Res. . .		182	11	6			
H. Richards:													4,879	19	7
Bal., 1st Jan. . .	7,000	—	—					Stock . . .		10,000	—	—	8,316	19	10
Add Interest . . .	350	—	—					Machinery . . .		750	—	—			
„ Salary . . .	500	—	—					Less Depreciation					9,250	—	—
„ Sh. of Profit . . .	516	18	11							6,500	—	—			
				8,366	18	11		Property—Works . . .		162	10	—	6,337	10	—
R. Everitt:								Less Depreciation							
Bal., 1st Jan. . .	5,000	—	—												
Add Interest . . .	250	—	—												
„ Salary . . .	500	—	—												
„ Sh. of Profit . . .	516	18	11												
				6,266	18	11									
				£	30,196	11	11					£	30,196	11	11



## EXERCISE III—No. 18.

## JOURNAL OF BLACK &amp; BROWN

## JOURNAL ADJUSTMENT ENTRIES

19..		<u>£</u> <u>s.</u> <u>d.</u>			<u>£</u> <u>s.</u> <u>d.</u>		
		£	s.	d.	£	s.	d.
	(a) Buildings Account . . . . .	198	—	—	198	—	—
	To Repairs Account . . . . .						
	(b) Jas. Smith . . . . .	18	2	4	18	2	4
	To Allowances Account . . . . .						
	(c) Machinery Account . . . . .	141	—	—	141	—	—
	To Wages (manufacturing) . . . . .						
	(d) Sales Returns . . . . .	64	—	—	64	—	—
	To F. White. . . . .						
		<u>£421</u>	<u>2</u>	<u>4</u>	<u>£421</u>	<u>2</u>	<u>4</u>
The Profit and Loss Account would be adjusted as follows—		DEBITED			CREDITED		
	(a) Buildings (reduction of Repairs) . . . . .				198	—	—
	(b) J. Smith (reduction of Allowances) . . . . .				18	2	4
	(c) Machinery (reduction of Mfg. Wages) . . . . .				141	—	—
	(d) Francis White (Sales Returns) . . . . .	64	—	—			
	TOTAL CREDITS . . . . .				357	2	4
	LESS ITEM OF DEBIT. . . . .				64	—	—
	NET increase of Profit . . . . .				<u>£293</u>	<u>2</u>	<u>4</u>

**EXERCISE III—No. 19.**

## PEARSON &amp; MACGREGOR

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..												Cr.			
Dr.															
	£	s.	d.		£	s.	d.		£	s.	d.		£	s.	d.
To Stock, 1st Jan..	.	.	.					By Sales	.	.	.				
" Purchases	.	.	.	13,728	-	6		Less Returns Inwards	.	.	.		19,947	18	9
Less Returns Outwards	.	.	.	757	16	5							742	7	8
" Carriage Inwards	.	.	.				12,970	4	1						19,205
" Wages	.	.	.				1,421	10	7						384
" Balance, Gross Profit c/d	.	.	.				1,646	13	10						2,994
							3,824	5	10						
							£22,584	8	5				£	22,584	8
															5



EXERCISE III—No. 19 (*contd.*).

PEARSON & MACGREGOR

*Dr.* PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. *Cr.*

	£	s.	d.	£	s.	d.	By Trading Account	£	s.	d.
To Repairs and Renewals.										
" Bad Debts				248	2	1		3,824	4	9
" Travelling Expenses				89	4	2				
" Stationery				156	14	2				
" Salaries				192	1	4				
" Water, Gas, etc.				346	2	3				
" Rent	150	—	—	126	2	7				
" Add Rent Outstanding	50	—	—							
" Insurance	30	5	2	200	—	—				
" Less Amount unexpired	7	—	—							
" Trade Expenses				23	5	2				
" General Expenses				197	18	1				
" Rates and Taxes	127	4	6	203	1	2				
" Less Amount unexpired	14	8	7							
" Commission				112	15	11				
" Bad Debts Reserve (amount required)	500	—	—	62	12	7				
" Less Old Reserve	150	—	—							
" Depreciation—				350	—	—				
Plant and Machinery (10% of £847/10/-)	84	15	—							
Horses and Carts (15% of £356/14/11)	53	10	3							
Fixtures, etc. (5% of £375/8/9)	18	15	5							
" Interest on Capital Accounts—				157	—	8				
J. Pearson (5% of £5,000)	300	—	—							
A. Macgregor (5% of £3,000)	150	—	—							
" Balance, Net Profit to Capital Accounts—				450	—	—				
J. Pearson, £ share	609	3	7							
A. Macgregor, £ share	304	11	10							
				913	15	5				
				£3,828	15	5				
								£3,828	15	5



## EXERCISE III—No. 20.

C. English's—

(a) Circulating Assets, £3,500.

(b) Fixed Assets, £2,760.

(c) Working Capital, £3,500. (This item may also be equal to Liquid Assets LESS Liquid Liabilities (£3,500 - £1,450 = £2,050).)

(d) Capital would be £4,860.

(e) Net Profit should be £190.

(f) The creditors would still be £1,450, as the purchase of new machine relates to the ensuing financial year.

## EXERCISE III—No. 21.

Dr.

ADVERTISING SUSPENSE ACCOUNT

Cr.

1931

	£	s.	d.		£	s.	d.
To Advertising . . .	498	-	-	By Profit and Loss . . .	1,500	-	-
„ Balance c/d . . .	1,002	-	-				
	£1,500	-	-		£1,500	-	-

1932

	£	s.	d.		£	s.	d.
To Advertising . . .	3,785	-	-	By Balance b/d . . .	1,002	-	-
				„ Profit and Loss Account . . .	1,500	-	-
				„ Balance c/d . . .	1,283	-	-
	£3,785	-	-		£3,785	-	-

1933

	£	s.	d.		£	s.	d.
To Balance b/d . . .	1,283	-	-	By Profit and Loss Account . . .	1,500	-	-
„ Advertising . . .	309	-	-	„ Balance c/d . . .	92	-	-
	£1,592	-	-		£1,592	-	-

1934

	£	s.	d.		£	s.	d.
To Balance b/d . . .	92	-	-	By Profit and Loss Account . . .	1,500	-	-
„ Advertising . . .	271	-	-				
„ Balance c/d . . .	1,137	-	-				
	£1,500	-	-		£1,500	-	-

1935

	£	s.	d.		£	s.	d.
To Advertising . . .	3,466	-	-	By Balance b/d . . .	1,137	-	-
				„ Profit and Loss Account . . .	1,500	-	-
				„ Balance c/d . . .	829	-	-
	£3,466	-	-		£3,466	-	-
To Balance b/d . . .	829	-	-				

EXERCISE III—No. 21 (*contd.*).

## BALANCE SHEET

LIABILITIES				ASSETS			
	£	s.	d.		£	s.	d.
1931 Advertising Suspense A/c	1,002	-	-	1932 Advertising Suspense A/c	1,283	-	-
1934 " "	1,137	-	-	1933 " "	92	-	-
				1935 " "	29	-	-

## EXERCISE III—No. 22.

## JOURNAL ENTRIES

19..		£	s.	d.	£	s.	d.
	Trading Account . . . . .	5,695	-	-			
	To Carriage Inwards . . . . .				200	-	-
	" Rent, Rates, etc. . . . .				960	-	-
	$\frac{1}{2}$ of £1,200.						
	To Wages and Salaries . . . . .				4,400	-	-
	" Lighting and Heating . . . . .				135	-	-
	Balances transferred.						
	Profit and Loss Account . . . . .	2,335	-	-			
	To Salaries and Wages . . . . .				500	-	-
	" Lighting and Heating . . . . .				220	-	-
	" Directors' Remuneration . . . . .				1,000	-	-
	" Discounts and Allowances . . . . .				190	-	-
	" Rent, Rates, etc. ( $\frac{1}{2}$ of £1,200) . . . . .				240	-	-
	" Repairs to Plant, etc. . . . .				185	-	-
	Balances transferred.						
	Discount on Purchases . . . . .	210	-	-			
	To Profit and Loss Account . . . . .				210	-	-
	Balance transferred.						
		£8,240	-	-	£8,240	-	-

## EXERCISE III—No. 23.

A *Capital Account* is the account of the proprietor of a business. It embraces, ordinarily, the amount introduced to commence business, interest due on that sum, profit or loss arising out of the business, and drawings (if any).

*Gross Profit* is the amount by which the selling price exceeds the cost price.

*Net Profit* is the amount by which the Gross profit exceeds the selling and administrative expenses.

A *Trading Account* (or Working Account) deals with purchasing and manufacturing expenses.

A *Profit and Loss Account* deals with selling and administration expenses. (See *Advanced Accounts*, Chapter II.)

## EXERCISE III—No. 24.

<i>Dr.</i>		Z. COBB—CAPITAL ACCOUNT				<i>Cr.</i>			
1934 Sept. 30	To Balance c/d . . .	£	s.	d.	1933 Oct. 1	By Balance . . .	£	s.	d.
		10,000	—	—	1934 Apr. 1	„ Bank . . .	1,200	—	—
		<u>10,000</u>	—	—			<u>10,000</u>	—	—
					1934 Oct. 1	By Balance b/d . . .	10,000	—	—

<i>Dr.</i>		CURRENT ACCOUNT				<i>Cr.</i>			
1933/34 Oct. 1/ Sept. 30	To Drawings . . .	£	s.	d.	1933 Oct. 1	By Balance . . .	£	s.	d.
	„ Balance c/d . . .	2,000	—	—	1934 Sept. 30	„ Interest . . .	440	—	—
		196	6	8	„ 30	„ „ „ Profit, $\frac{2}{3}$	30	—	—
					„ 30	„ „ „ Profit, $\frac{2}{3}$	1,523	6	8
		<u>£2,196</u>	6	8			<u>£2,196</u>	6	8
					1934 Oct. 1	By Balance b/d . . .	196	6	8

<i>Dr.</i>		R. COBB—CAPITAL ACCOUNT				<i>Cr.</i>			
1934 Sept. 30	To Balance c/d . . .	£	s.	d.	1933 Oct. 1	By Balance . . .	£	s.	d.
		5,000	—	—	1934 Apr. 1	„ Bank . . .	1,400	—	—
		<u>5,000</u>	—	—			<u>5,000</u>	—	—
					1934 Oct. 1	By Balance b/d . . .	5,000	—	—

<i>Dr.</i>		CURRENT ACCOUNT				<i>Cr.</i>			
1933 Oct. 1	To Balance . . .	£	s.	d.	1934 Sept. 30	By Interest . . .	£	s.	d.
1933/34 Oct. 1/ Sept. 30	„ Drawings . . .	1,500	—	—	„ 30	„ „ „ Profit, $\frac{1}{3}$	35	—	—
					„ 30	„ „ „ Profit, $\frac{1}{3}$	761	13	4
					„ 30	„ Balance c/d . . .	627	6	8
		<u>£1,604</u>	—	—			<u>£1,604</u>	—	—
1934 Oct. 1	To Balance b/d . . .	627	6	8					

## Dr.

Cr.

1933			£	s.	d.	1933			£	s.	d.
Jan. 1	To Balance . . . . .		15	9	3	Jan. 13	By Returns . . . . .		5	-	-
10	„ Sales . . . . .		40	-	-	Feb. 5	„ Cash . . . . .		48	14	3
June 23	„ „ . . . . .		36	-	-	5	„ Discount . . . . .		1	15	-
Aug. 17	„ „ . . . . .		45	-	-	May 8	„ Cash (Deposit) . . . . .		100	-	-
27	„ „ . . . . .		59	-	-	Nov. 30	„ Bad Debts . . . . .		30	-	-
						30	„ Balance c/d . . . . .		10	-	-
			£195	9	3				£195	9	3
1933						1934					
Nov. 30	To Balance b/d . . . . .		10	-	-	Feb. 1	By Cash . . . . .		10	5	6
Feb. 1	„ Profit and Loss . . . . .			5	6				£10	5	6
			£10	5	6						

## Dr.

 $C\gamma.$ 

1931 Dec. 31	To Balance c/d	£ 3,000	s. -	d. -	1931 Jan. 1	By Balance	£ 2,500	s. -	d. -
					July 1	„ Bank	500		
		<u>£3,000</u>	<u>-</u>	<u>-</u>			<u>£3,000</u>	<u>-</u>	<u>-</u>
					1932 Jan. 1	By Balance b/d	3,000	-	-

 $D\gamma.$ 

*Cr.*

1931 Jan./ Dec. Dec. 31	To Drawings . . . ,, Balance c/d . . .	£ 320 194	s. - 3	d. - 4	1931 Dec. 31 ,, 31 ,, 31	By Interest . . . ,, ,, Share of Profit, £	£ 125 12 376	s. - 10 13	d. - 0 4
		<u>£514</u>	<u>3</u>	<u>4</u>			<u>£514</u>	<u>3</u>	<u>4</u>
					1932 Jan. 1	By Balance b/d . . .	194	3	4

Dr.

*Cy.*

1931 Dec. 31	To Balance . . . .	£ 3,000	s. -	d. -	1931 Jan. 1	By Balance . . . .	£ 2,500	s. -	d. -
					July 1	„ Bank . . . .	500		
		£3,000	-	-			£3,000	-	-
			-	-	1934 Jan. 1	By Balance b/d . .	3,000	-	-

EXERCISE III—No. 26 (*contd.*).

Dr.		A. STOREY—CURRENT ACCOUNT						Cr.	
1931		£	s.	d.	1931		£	s.	d.
Jan. /	To Drawings . . .	320	—	—	Dec. 31	By Interest . . .	125	—	—
Dec. 31	„ Balance c/d . . .	5	16	8	„ 31	„ „ . . .	12	10	—
					„ 31	„ Share of Profit, $\frac{1}{2}$	188	6	8
		<u>£325</u>	<u>16</u>	<u>8</u>			<u>£325</u>	<u>16</u>	<u>8</u>
					1932				
					Jan. 1	By Balance b/d . . .	5	16	8

## EXERCISE III—No. 27.

## NOMINAL LEDGER

Dr.		TELEPHONE ACCOUNT (1939)					Cr.		
1939		£	s.	d.	1939		£	s.	d.
Mar. 31	To Qrs. Rent . . .	3	7	8	Dec. 31	By Profit and Loss A/c .	34	14	8
	" " Calls . . .	6	7	10					
June 30	" Qrs. Rent . . .	3	7	8					
	" " Calls . . .	5	3	—					
Sept. 30	" Qrs. Rent . . .	3	7	8					
	" " Calls . . .	4	16	—					
Dec. 31	" Qrs. Rent . . .	3	7	8					
	" " Calls . . .	4	17	2					
		£34	14	8			£34	14	8

## EXERCISE III—No. 28.

(a) Revaluation of stock is necessary to avoid carrying a wrong value of this asset to the Balance Sheet as stock-in-trade is subject to market fluctuations, and it is prudent to adjust such stock to its present market value.

(b) This value would be *debited* to a new Stock Account.

## EXERCISE III—No. 29.

Dr.		RENT AND RATES ACCOUNT				Cr.			
1935		£	s.	d.	1936		£	s.	d.
Feb. 1	To Rates (prepaid) b/f .	30	—	—	Jan. 31	By Rates (prepaid) c/d .	29	—	—
Apr. 1	„ Rent . . . . .	180	—	—	„ 31	„ Profit and Loss A/c .	808	—	—
July 1	„ „ . . . . .	180	—	—					
Oct. 1	„ „ . . . . .	180	—	—					
Dec. 15	„ Rates . . . . .	87	—	—					
„ 31	„ Income Tax, Sch. A .	150	—	—					
1936									
Jan. 1	„ Rent (net) . . . . .	30	—	—					
		<u>£837</u>	—	—			<u>£837</u>	—	—
1936									
Feb. 1	To Rates (prepaid) . . . . .	29	—	—					

## EXERCISE III—No. 30

(a) Capital Expenditure. (b) Revenue Expenditure. (c) Revenue Expenditure. (d) Capital Expenditure.

# EXERCISE IV—No 1.

Dr.		TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 1937				Cr.	
		£	£			£	£
To Stock, 1st April, 1936	.	.	67,750	By Credit Sales	.	.	124,756
" Purchases	.	.	95,585	" Cash Sales	.	.	10,626
" Wages	.	.	10,607				
" Balance, Gross Profit c/d	.	.	31,540	" Stock at close, 31st March, 1937	.	.	135,382
			<u>£205,482</u>				<u>70,100</u>
20 To Trade Expenses	.	15,206		By Gross Profit b/d	.	.	31,540
Less Insurance prepaid	.	62		" Discounts Received	.	.	2,006
" Discounts allowed	.		15,144				
" Bad Debts Reserve (new)	.		3,202				
Less Old Reserve	.		55				
" Depreciation of Plant 10 per cent	.		6,825				
" Debenture Interest	.		2,100				
" Balance, Net Profit	.		6,220				
			<u>£33,546</u>				<u>£33,546</u>



EXERCISE IV—No. I. (*contd.*)

BALANCE SHEET AS AT 31ST MARCH, 1937

CAPITAL AND LIABILITIES		ASSETS	
Share Capital—		Buildings . . . . .	£
Authorized and Issued . . . . .	200,000	Plant and Machinery . . . . .	100,000
Debitures . . . . .	50,000	Less Depreciation . . . . .	68,250
Creditors . . . . .	17,205	Stock . . . . .	6,825
		Debtors . . . . .	61,425
		Less Reserves for Bad Debts . . . . .	70,100
		Insurance prepaid . . . . .	11,250
		Bank . . . . .	1,125
		Profit and Loss Balance brought forward . . . . .	10,125
		from Last Year . . . . .	62
		Less Net Profit this year . . . . .	8,914
			22,799
			6,220
	£267,205		16,579
			£267,205

## EXERCISE IV—No. 2.

## STATEMENT OF NET EARNINGS

	1934	1935
	£	£
Cash Receipts . . . . .	619	1,042
Add Fees owing . . . . .	173	281
	<u>£792</u>	<u>£1,323</u>
Less Expenses . . . . .	196	248
	<u>£596</u>	<u>£1,075</u>
It is assumed that the £173 Fees owing have been paid, which amount must be deducted from net earnings in the year 1935 . . .		173
		<u>£902</u>

# EXERCISE IV—No. 3.

## STATEMENT OF PROFIT AND LOSS OF FROST AND SNOW FOR THE YEAR ENDED 31ST DECEMBER, 1935

LIABILITIES		£	s.	d.	£	ASSETS		£	£
Sundry Creditors	.	.	.	.	3,213	Cash at Bank	.	.	1,399
Loan from Frost	.	.	.	.	4,000	Sundry Debtors	.	.	7,367
Add Interest accrued	.	.	.	.	125	Bills Receivable	.	.	1,000
Balance, being final capital	.	.	.	.		Stock	.	.	4,813
						Plant and Machinery	.	.	
						Add Additions	.	.	5,400
									2,000
						Less Depreciation	.	.	7,400
									531
									6,869
									<u>£21,448</u>
Capital, 1st January, 1935—									
Frost	.	.	.	.	10,000	Capital, 31st December, 1935	.	.	14,110
Snow	.	.	.	.	4,000	Drawings—			
						Frost	.	.	1,243
						Snow	.	.	1,030
Balance, Net Profit—									
Frost	.	.	.	.	1,429				2,273
Snow	.	.	.	.	16				
					4				
									<u>£16,383</u>
									<u>£16,383</u>

# EXERCISE IV—No. 3. (contd.)

## STATEMENT OF AFFAIRS OF FROST AND SNOW AS AT 31ST DECEMBER, 1935

LIABILITIES AND CAPITAL							
	Frost	Snow		£		ASSETS	
							£
Sundry Creditors . . . . .	10,000	—	—	3,213	Cash at Bank . . . . .	. . . . .	1,399
Loan and Interest—Frost . . . . .	1,429	16	—	4,125	Sundry Debtors . . . . .	. . . . .	7,367
					Bills Receivable . . . . .	. . . . .	1,000
Capital, 1st Jan., 1935 . . . . .	11,429	16	—		Stock-in-Trade . . . . .	. . . . .	4,813
Add Share of Profit . . . . .	1,243	—	—		Plant and Machinery . . . . .	. . . . .	6,869
Less Drawings . . . . .	£10,186	16	—	14,110			
				£21,448			£21,448

EXERCISE IV—No. 4.

## STATEMENT OF PROFIT AND LOSS

<i>Dt.</i>				31ST DECEMBER, 19..						<i>Cr.</i>
				<i>£</i>	<i>s.</i>	<i>d.</i>				
Bank Overdraft . . . . .	.	.	.	500	—	—	Cash . . . . .	.	.	
Sundry Creditors . . . . .	.	.	.	1,400	10	—	Sundry Debtors . . . . .	.	.	
Final Capital c/d . . . . .	.	.	.	1,228	—	—	Stock . . . . .	.	.	
							Fixtures and Fittings . . . . .	.	.	
							Machinery and Plant . . . . .	.	.	
				<u>£3,128</u>	10	—				
Capital, 1st Jan. . . . .	.	.	.	1,090	—	—	Final Capital b/d.	.	.	
Balance, Net Profit . . . . .	.	.	.	618	—	—	Drawings . . . . .	.	.	
				<u>£1,708</u>	—	—				
				</						

## STATEMENT OF AFFAIRS

[illegible]

## A's STATEMENT OF PROFIT AND LOSS

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EXERCISE IV—No. 5 (contd.).

A's STATEMENT OF AFFAIRS

31st DECEMBER, 19..

LIABILITIES.						ASSETS.					
	£	s.	d.	£	s.	d.		£	s.	d.	
Sundry Creditors . . . . .				1,950	—	—	Cash . . . . .				
Capital Account—							Sundry Debtors . . . . .	8,800	—	—	
Balance . . . . .	7,400	—	—				Less Bad Debts Reserve . . . . .	440	—	—	
Add Interest . . . . .	345	—	—								
„ Profit . . . . .	3,208	—	—				Stock . . . . .	140	—	—	
	10,953	—	—				Furniture . . . . .	7	—	—	
Less Drawings. . . . .	300	—	—	10,653	—	—	Less Depreciation . . . . .	2,000	—	—	
							Plant, etc. . . . .	200	—	—	
							Less Depreciation . . . . .				
				£ 12,603	—	—					
								£ 12,603	—	—	

# EXERCISE IV—No. 6.

## BALANCE SHEET AS AT 1ST JULY, 1936

LIABILITIES		ASSETS	
Sundry Creditors	£ 250	Cash	£ 8
Capital	1,383	Cash at Bank	225
		Sundry Debtors	100
		Stock	400
		Plant and Machinery	900
	<u>£1,633</u>		<u>£1,633</u>

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1937			
Dr.			Cr.
To Stock, 1st July	£ 400	By Sales	£ 4,175
" Purchases, credit	3,217	" Drawings Account	39
Less Returns	50	" Stock, 31st June	350
Carriage Inwards	3,167		
" Wages	84		
" Balance, Gross Profit	300		
	613		
	<u>£4,564</u>		<u>£4,564</u>
To Sundry Expenses	£ 125	By Balance, Gross Profit b/d	£ 613
Printing, etc.	56		
Rent and Rates	125		
Heating and Lighting	39		
Balance, Net Profit	268		
	<u>£613</u>		<u>£613</u>





**EXERCISE IV—No. 7.**

W. Robinson does not appear to have an efficient system of book-keeping.

(1) Additional books required are—

(a) Purchases Book, and (b) General Ledger.

(2) Posting to Ledgers must be twofold. The accounts of Debtors must be offset by an account for Sales (for aggregate of the separate postings to customers).

Credit transactions with Creditors need the "double entry" records, and can be effected by the aid of the Purchases Book.

(3) Discount, Cash, and Details columns are required in the Cash Book, to adequately record items of Discount, or amounts transferred, etc.

(4) Complete records of all impersonal items (real and nominal) should be kept in the Ledger recommended.

(5) "Annual Accounts" can be prepared by the adoption of double entry book-keeping, as against the single entry method, which is unsatisfactory for that purpose.

**EXERCISE IV—No. 8.**

See *Advanced Accounts*, page 3 (under "Accounts").

**EXERCISE IV—No. 9.**

A *Trading Account* deals with purchasing and manufacturing expenses.

A *Profit and Loss Account* deals with selling, distribution, and administration expenses.

*Trading Account Items.*

Sales.  
Purchases.  
Manufacturing Wages.  
Carriage.  
Stocks and Materials.

*Profit and Loss Account Items.*

Allowances.  
Debenture Interest.  
Salaries.  
Advertising.

---

*All* relate to cost of manufacture, except Sales, which is the turn-over of a business.

---

*All* are expenses of selling, distribution, or administration.

## EXERCISE IV—No. 10.

JOURNAL  
(FIRST METHOD)

19..		£	s.	d.	£	s.	d.
Dec. 31	Profit and Loss Account . . . . .	236	3	2			
	To Bad Debts . . . . .				236	3	2
	Transfer of balance.						
„ 31	Provision for Bad and Doubtful Debts . . . . .	18	6	10			
	To Bad Debts Reserve. . . . .				18	6	10
	5% of £5,721/15/8 = £286/ 1/ 9						
	Less Old Reserve 267/14/11						
„ 31	Profit and Loss Account . . . . .	18	6	10			
	To Provision for Bad Debts, etc. . . . .				18	6	10
	Transfer of balance.						
		£272	16	10	£272	16	10

JOURNAL  
(SECOND METHOD)

19..		£	s.	d.	£	s.	d.
Dec. 31	Bad Debts Reserve Account . . . . .	236	3	2			
	To Bad Debts . . . . .				236	3	2
	Transfer of balance.						
„ 31	Bad Debts . . . . .	254	10	—			
	To Bad Debts Reserve. . . . .				254	10	—
	Amount required to raise reserve from £31/11/9 to £286/1/9 (5% of £5,721/15/8).						
„ 31	Profit and Loss Account . . . . .	254	10	—			
	To Bad Debts . . . . .				254	10	—
	Transfer of balance.						
		£745	3	2	£745	3	2

EXERCISE IV—No. 10 (*contd.*).

## PROFIT AND LOSS ACCOUNT

(FIRST METHOD)

(Dr. Side)

19..		£	s.	d.
	To Bad Debts . . . . .	236	3	2
	„ Provision for Bad and Doubtful Debts. . . . .	18	6	10
		<u>£254</u>	<u>10</u>	<u>-</u>

## PROFIT AND LOSS ACCOUNT

(SECOND METHOD)

(Dr. Side)

19..		£	s.	d.
	To Bad Debts . . . . .	254	10	-
		<u>£254</u>	<u>10</u>	<u>-</u>

## BALANCE SHEET

## ASSETS

	£	s.	d.	£	s.	d.
Sundry Debtors. . . . .	5,721	15	8			
Less Bad Debts Reserve . . . . .	286	1	9			
				<u>5,435</u>	<u>13</u>	<u>11</u>

## EXERCISE IV—No. 11.

## JOURNAL

(FIRST METHOD)

19..		£	s.	d.	£	s.	d.
Dec. 31	Profit and Loss Account . . . . .	164	8	10	164	8	10
	To Discounts Allowed . . . . .						
	Transfer of balance.						
„ 31	Provision for Discount Reserve on Debtors . . . . .	28	4	6			
	To Discount Reserve on Debtors . . . . .				28	4	6
	5% of (£3,895/14/11 - £194/15/9) = £185/1/-						
	Less Old Reserve . . . . .						
„ 31	Profit and Loss Account . . . . .	28	4	6			
	To Provision for Discount Res. on Drs. . . . .				28	4	6
	Transfer of balance.						
		<u>£220</u>	<u>17</u>	<u>10</u>	<u>£220</u>	<u>17</u>	<u>10</u>

EXERCISE IV—No. 11 (*contd.*).JOURNAL  
(SECOND METHOD)

19..		£	s.	d.	£	s.	d.
Dec. 31	Discount Reserve on Debtors . . . .	164	8	10			
	To Discounts Allowed . . . .				164	8	10
	Transfer of balance.						
„ 31	Discounts Allowed Account . . . .	192	13	4			
	To Discount Reserve on Debtors . .				192	13	4
	Amount required to raise reserve from debit of £7/12/4 to credit of £185/1/- (5% of £3,700/19/2 [ $\frac{£3,895}{14/11}$ , less Bad Debts Reserve of 5%, i.e. $\frac{£194}{15/9}$ ]).						
„ 31	Profit and Loss Account . . . .	192	13	4			
	To Discounts Allowed . . . .				192	13	4
	Transfer of balance.						
		<u>£549</u>	<u>15</u>	<u>6</u>	<u>£549</u>	<u>15</u>	<u>6</u>

PROFIT AND LOSS ACCOUNT  
(FIRST METHOD)  
(*Dr. Side*)

19..		£	s.	d.	£	s.	d.
	To Discounts Allowed . . . .				164	8	10
	„ Reserve for Discount on Debtors . .	185	1	—			
	Less Old Reserve . . . .	156	16	6			
					28	4	6
					<u>£192</u>	<u>13</u>	<u>4</u>

PROFIT AND LOSS ACCOUNT  
(SECOND METHOD)  
(*Dr. Side*)

19..		£	s.	d.
	To Discounts Allowed . . . . .	192	13	4

BALANCE SHEET  
ASSETS

	£	s.	d.	£	s.	d.
Sundry Debtors . . . . .	3,895	14	11			
Less Bad Debts Reserve . . . .						
£194 15 9						
„ Discount Reserve . . . . .	185	1	—			
	<u>379</u>	<u>16</u>	<u>9</u>	<u>3,515</u>	<u>18</u>	<u>2</u>

## EXERCISE IV No. 12.

## X Y Z &amp; CO.

Dr.

## TRADING ACCOUNT FOR THE HALF-YEAR ENDED 31ST DECEMBER, 19..

Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st July.	.	.	.	2,741	—	—	By Sales	.	.
" Purchases	.	.	.	8,403	—	—	Less Returns Inwards	.	.
" Carriage	.	.	.	394	—	—		16,123	—
" Wages	.	.	.	1,404	—	—		330	—
" Balance, Gross Profit c/d	.	.	.	6,126	—	—	" Stock, 31st Dec.	.	.
				£ 19,068	—	—			15,793
									3,275
									£ 19,068

Dr.

## PROFIT AND LOSS ACCOUNT FOR HALF-YEAR ENDED 31ST DECEMBER, 19..

Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Discounts Allowed	.	.	.	938	—	—	By Trading Account	.	.
" Rent, Rates, and Taxes	.	.	.	106	—	—	Discounts Received	.	.
" Advertising	.	.	.	463	—	—	" Royalties	.	.
" Traveller's Salary	.	.	.	431	—	—			
" Bad Debts	.	.	.	101	—	—			
" Repairs	.	.	.	84	—	—			
" General Expenses	.	.	.	502	—	—			
" Interest on Loans	.	.	.	124	—	—			
" Depreciation—									
Buildings	23	—	—						
Plant	155	—	—						
				178	—	—			
" Bal., Net Profit to Capital A/cs—									
C G ( $\frac{1}{2}$ share)	2,268	2	6						
S G ( $\frac{1}{8}$ share)	1,360	17	6						
				3,629	—	—			
				£ 6,556	—	—			

EXERCISE IV—No. 12 (*contd.*).

**XYZ & CO.**

BALANCE SHEET AS AT 31ST DECEMBER, 19..

	LIABILITIES.	£	s.	d.	£	s.	d.	£	s.	d.
	Loans on Mortgage . . . . .									
	Sundry Creditors . . . . .									
	Reserve Account (Patent Royalties)									
	<i>Capital Accounts—</i>									
	C G, Balance, 1st July . . . .	6,110	—	6						
	Add Share of Profit . . . . .	2,268	2	6						
		8,378	2	6						
	Less Drawings . . . . .	1,200	—	—						
		2,952	—	—	7,178	2	6			
	S G, Balance, 1st July . . . .	1,360	17	6						
	Add Share of Profit . . . . .									
		4,312	17	6						
		720	—	—						
	Less Drawings . . . . .				3,592	17	6			
					17,741	—	—			
					£					

## EXERCISE IV—No. 13.

## STATEMENT SHOWING NET SALES FOR THE YEAR

	£	s.	d.
Sundry Debtors, 1st January . . . . .	1,537	5	10
Add Cash and Credit Sales . . . . .	5,731	6	3
	7,268	12	1
Balance (incl. £37 10s. bad debts) . . . . .	1,770	6	6
	<u>£5,498</u>	<u>5</u>	<u>7</u>

## EXERCISE IV—No. 14.

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
(a) Sales (undercast) . . . . .				10	—	—
(b) Discount allowed (unposted) . . . . .	15	3				
(c) Discount allowed (posted to wrong side of account) . . . . .	14	9	6			
(d) Customers Account (posted 10s. short) . . . . .		10	—			
(e) Credit balance on Customers Account (overlooked) . . . . .				2	5	—
	15	14	9	12	5	—
DIFFERENCE IN BOOKS . . . . .				3	9	9
	<u>£15</u>	<u>14</u>	<u>9</u>	<u>£15</u>	<u>14</u>	<u>9</u>



EXERCISE IV—No. 15.

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1935

[illegible]



## EXERCISE V—No. 1.

<i>Dr.</i>		LEASE ACCOUNT				<i>Cr.</i>			
Year 1	To Cash . . .	£ 440	s. —	d. —	Year 1	By Depreciation . . .	£ 110	s. —	d. —
						„ Balance c/d . . .	330	—	—
		£440	—	—			£440	—	—
Year 2	To Balance b/d . . .	330	—	—	Year 2	By Depreciation . . .	110	—	—
						„ Balance c/d . . .	220	—	—
		£330	—	—			£330	—	—
Year 3	To Balance b/d . . .	220	—	—	Year 3	By Depreciation . . .	110	—	—
						„ Balance c/d . . .	110	—	—
		£220	—	—			£220	—	—
Year 4	To Balance b/d . . .	£110	—	—	Year 4	By Depreciation . . .	£110	—	—

## EXERCISE V—No. 2

Dr.					MACHINERY ACCOUNT					Cr.				
		£	s.	d.			£	s.	d.			£	s.	d.
Year 1	To Cash . . .	3,000	—	—	Year 1	By Depreciation . . .	750	—	—			750	—	—
						„ Balance c/d . . .	2,250	—	—			2,250	—	—
		<u>£3,000</u>	—	—			<u>£3,000</u>	—	—			<u>£3,000</u>	—	—
Year 2	To Balance b/d . . .	2,250	—	—	Year 2	By Depreciation . . .	562	10	—			562	10	—
						„ Balance c/d . . .	1,687	10	—			1,687	10	—
		<u>£2,250</u>	—	—			<u>£2,250</u>	—	—			<u>£2,250</u>	—	—
Year 3	To Balance b/d . . .	1,687	10	—	Year 3	By Depreciation . . .	421	17	6			421	17	6
						„ Balance c/d . . .	1,265	12	6			1,265	12	6
		<u>£1,687</u>	10	—			<u>£1,687</u>	10	—			<u>£1,687</u>	10	—
Year 4	To Balance b/d . . .	1,265	12	6	Year 4	By Depreciation . . .	316	8	1			316	8	1
						„ Balance c/d . . .	949	4	5			949	4	5
		<u>£1,265</u>	12	6			<u>£1,265</u>	12	6			<u>£1,265</u>	12	6
Year 5	To Balance b/d . . .	949	4	5	Year 5	By Depreciation . . .	237	6	1			237	6	1
						„ Balance c/d . . .	711	18	4			711	18	4
		<u>£949</u>	4	5			<u>£949</u>	4	5			<u>£949</u>	4	5
Year 6	To Balance b/d . . .	711	18	4	Year 6	By Depreciation . . .	177	18	4			177	18	4
						(Adjustment of 1s. 3d.)								
						„ Balance c/d . . .	534	—	—			534	—	—
		<u>£711</u>	18	4			<u>£711</u>	18	4			<u>£711</u>	18	4
Year 7	To Balance b/d . . .	534	—	—										

*Rate of Depreciation.*—25 per cent off DIMINISHING VALUE.

## EXERCISE V—No. 3.

## MACHINERY ACCOUNT

*Dr.*

(FIRST METHOD)

*Cr.*

		£	s.	d.			£	s.	d.
Year 1	To Cash . . .	3,000	—	—	Year 1	By Depreciation . (10% of £3,000)	300	—	—
						„ Balance c/d .	2,700	—	—
		<u>£3,000</u>	—	—			<u>£3,000</u>	—	—
Year 2	To Balance b/d .	2,700	—	—	Year 2	By Depreciation . (10% of £2,700)	270	—	—
	„ Cash (June) .	250	—	—		„ Balance c/d .	2,680	—	—
		<u>£2,950</u>	—	—			<u>£2,950</u>	—	—
Year 3	To Balance b/d .	2,680	—	—	Year 3	By Depreciation . (10% of £2,680)	268	—	—
	„ Cash (March) .	320	—	—		„ Balance c/d .	2,732	—	—
		<u>£3,000</u>	—	—			<u>£3,000</u>	—	—
	To Balance b/d .	2,732	—	—					

## (SECOND METHOD)

		£	s.	d.			£	s.	d.
Year 1	To Cash . . .	3,000	—	—	Year 1	By Depreciation . (10% of £3,000)	300	—	—
						„ Balance c/d .	2,700	—	—
		<u>£3,000</u>	—	—			<u>£3,000</u>	—	—
Year 2	To Balance b/d .	2,700	—	—	Year 2	By Depreciation . (10% of £2,950)	295	—	—
	„ Cash (June) .	250	—	—		„ Balance c/d .	2,655	—	—
		<u>£2,950</u>	—	—			<u>£2,950</u>	—	—
Year 3	To Balance b/d .	2,655	—	—	Year 3	By Depreciation . (10% of £2,975)	297	10	—
	„ Cash (March) .	320	—	—		„ Balance c/d .	2,877	10	—
		<u>£2,975</u>	—	—			<u>£2,975</u>	—	—
	To Balance b/d .	2,677	10	—					

EXERCISE V—No. 3 (*contd.*).

MACHINERY ACCOUNT									
Dr.					Cr.				
(THIRD METHOD)									
		£	s.	d.			£	s.	d.
Year 1	To Cash . . .	3,000	—	—	Year 1	By Depreciation . . .	300	—	—
						(10% of £3,000)			
						„ Balance c/d . . .	2,700	—	—
		£3,000	—	—			£3,000	—	—
Year 2	To Balance b/d . . .	2,700	—	—	Year 2	By Depreciation—			
	„ Cash (June) . . .	250	—	—		10% of £2,700 £270			
						5% of £250 £12½	282	10	—
						„ Balance c/d . . .	2,667	10	—
		£2,950	—	—			£2,950	—	—
Year 3	To Balance b/d . . .	2,667	10	—	Year 3	By Depreciation—			
	„ Cash (March) . . .	320	—	—		10% of £2,667½	268	15	—
						7½% of £320	24	—	—
						„ Balance c/d . . .	2,696	15	—
		£2,987	10	—			£2,987	10	—
	To Balance b/d . . .	2,696	15	—					

## EXERCISE V—No. 4.

LEASE ACCOUNT									
<i>Dr.</i>					<i>Cr.</i>				
		£	s.	d.		£	s.	d.	
Year 1	To Cash . . .	2,000	—	—	Year 1	By Depreciation . . .	345	12	9
	„ Interest . . .	100	—	—		„ Balance c/d . . .	1,754	7	3
		£2,100	—	—			£2,100	—	—
Year 2	To Balance b/d . . .	1,754	7	3	Year 2	By Depreciation . . .	345	12	9
	„ Interest . . .	87	14	5		„ Balance c/d . . .	1,496	8	11
		£1,842	1	8			£1,842	1	8
Year 3	To Balance b/d . . .	1,496	8	11	Year 3	By Depreciation . . .	345	12	9
	„ Interest . . .	74	16	5		„ Balance c/d . . .	1,225	12	7
		£1,571	5	4			£1,571	5	4
Year 4	To Balance b/d . . .	1,225	12	7	Year 4	By Depreciation . . .	345	12	9
	„ Interest . . .	61	5	7		„ Balance c/d . . .	941	5	5
		£1,286	18	2			£1,286	18	2
Year 5	To Balance b/d . . .	941	5	5	Year 5	By Depreciation . . .	345	12	9
	„ Interest . . .	47	1	3		„ Balance c/d . . .	642	13	11
		£988	6	8			£988	6	8
Year 6	To Balance b/d . . .	642	13	11	Year 6	By Depreciation . . .	345	12	9
	„ Interest . . .	32	2	7		„ Balance c/d . . .	329	3	9
		£674	16	6			£674	16	6
Year 7	To Balance b/d . . .	329	3	9	Year 7	By Depreciation . . .	345	13	1
	„ Interest . . .	16	9	4		(Adjustment of 4d.)			
		£345	13	1			£345	13	1

## EXERCISE V—No. 5.

Dr.		LEASE ACCOUNT				Cr.			
Year 1 Jan. 1	To Cash . . .	£ 2,000	s. —	d. —	Year 7 Dec. 31	By Depreciation Fund A/c	£ 2,000	s. —	d. —

Dr.		DEPRECIATION FUND ACCOUNT				Cr.			
Year 1 Dec. 31	To Balance c/d . .	£ 245	s. 12	d. 9	Year 1 Dec. 31	By Profit and Loss . .	£ 245	s. 12	d. 9
Year 2 Dec. 31	To Balance c/d . .	503	11	2	Year 2 Jan. 1	By Balance b/d . .	245	12	9
					Dec. 31	„ Cash (Interest) . .	12	5	8
					„ 31	„ Profit and Loss . .	245	12	9
		£503	11	2			£503	11	2
Year 3 Dec. 31	To Balance c/d . .	774	7	6	Year 3 Jan. 1	By Balance b/d . .	503	11	2
					Dec. 31	„ Cash (Interest) . .	25	3	7
					„ 31	„ Profit and Loss . .	245	12	9
		£774	7	6			£774	7	6
Year 4 Dec. 31	To Balance c/d . .	1,058	14	8	Year 4 Jan. 1	By Balance b/d . .	774	7	6
					Dec. 31	„ Cash (Interest) . .	38	14	5
					„ 31	„ Profit and Loss . .	245	12	9
		£1,058	14	8			£1,058	14	8
Year 5 Dec. 31	To Balance c/d . .	1,357	6	2	Year 5 Jan. 1	By Balance b/d . .	1,058	14	8
					Dec. 31	„ Cash (Interest) . .	52	18	9
					„ 31	„ Profit and Loss . .	245	12	9
		£1,357	6	2			£1,357	6	2
Year 6 Dec. 31	To Balance c/d . .	1,670	16	3	Year 6 Jan. 1	By Balance b/d . .	1,357	6	2
					Dec. 31	„ Cash (Interest) . .	67	17	4
					„ 31	„ Profit and Loss . .	245	12	9
		£1,670	16	3			£1,670	16	3
Year 7 Dec. 31	To Balance . . . (Amount to transfer to LEASE A/c)	2,000	—	—	Year 7 Jan. 1	By Balance b/d . .	1,670	16	3
					Dec. 31	„ Cash (Interest) . .	83	10	10
					„ 31	„ Profit and Loss . . (Adjustment of 2d.)	245	12	11
		£2,000	—	—			£2,000	—	—

## EXERCISE V—No. 5 (contd.).

## Dr. DEPRECIATION FUND INVESTMENT ACCOUNT Cr.

Dr.				Cr.				
		£	s.	d.		£	s.	d.
Year 1 Dec. 31	To Cash . . .	245	12	9	Year 1 Dec. 31	By Balance c/d . .	245	12 9
Year 2 Jan. 1	To Balance b/d . .	245	12	9	Year 2 Dec. 31	By Balance c/d . .	503	11 2
Dec. 31	„ Cash (instalment and interest) . .	257	18	5				
		£503	11	2			£503	11 2
Year 3 Jan. 1	To Balance b/d . .	503	11	2	Year 3 Dec. 31	By Balance c/d . .	774	7 6
Dec. 31	„ Cash . . .	270	16	4				
		£774	7	6			£774	7 6
Year 4 Jan. 1	To Balance b/d . .	774	7	6	Year 4 Dec. 31	By Balance c/d . .	1,058	14 8
	„ Cash . . .	284	7	2				
		£1,058	14	8			£1,058	14 8
Year 5 Jan. 1	To Balance b/d . .	1,058	14	8	Year 5 Dec. 31	By Balance c/d . .	1,357	6 2
	„ Cash . . .	298	11	6				
		£1,357	6	2			£1,357	6 2
Year 6 Jan. 1	To Balance b/d . .	1,357	6	2	Year 6 Dec. 31	By Balance c/d . .	1,670	16 3
	„ Cash . . .	313	10	1				
		£1,670	16	3			£1,670	16 3
Year 7 Jan. 1	To Balance b/d . .	1,670	16	3	Year 7 Dec. 31	By Cash . . .	2,000	—
	„ Cash . . .	329	3	9		(Proceeds of realization of investments)		
		£2,000	—	—			£2,000	—

Dr.

## CASH ACCOUNT

Cr.

					Bank.								Bank.			
		£	s.	d.				£	s.	d.				£	s.	d.
Year 2	To Depreciation Fund A/c (Interest on first year's investment)	12	5	8	Year 1	By Depreciation Fund Investment A/c		245	12	9						
					Year 2	" Depreciation Fund Investment A/c		257	18	5						
						(Investment of CASH equal to SECOND year's instalment PLUS interest on FIRST year's instalment)										

And similar entries for later years.

- EXERCISE V—Nos. {
6. The correct procedure is explained on pages 140 and 141 of *Advanced Accounts*.
  7. The answer to this question is in Answers at end of *Advanced Accounts*.
  8. The answer to this question is in Answers at end of *Advanced Accounts*.

## EXERCISE V—No. 9.

*Dr.* REPAIRS AND RENEWALS RESERVE ACCOUNT *Cr.*

		£	s.	d.			£	s.	d.
Year 1	To Balance c/d . . .	200	—	—	Year 1	By Profit and Loss . . .	200	—	—
Year 2	To Repairs A/c . . .	159	17	9	Year 2	By Balance b/d . . .	200	—	—
	„ Balance c/d . . .	40	2	3		„ <i>P + L A/c</i> . . .	<del>200</del>	—	—
		£200	—	—			£200	—	—
Year 3	To Repairs . . .	125	14	6	Year 3	By Balance b/d . . .	40	2	3
	„ Balance c/d . . .	114	7	9		„ Profit and Loss . . .	200	—	—
		£240	2	3			£240	2	3
Year 4	To Repairs . . .	269	15	3	Year 4	By Balance b/d . . .	114	7	9
	„ Balance c/d . . .	44	12	6		„ Profit and Loss . . .	200	—	—
		£314	7	9			£314	7	9
Year 5	To Repairs . . .	225	16	11	Year 5	By Balance b/d . . .	44	12	6
	„ Balance c/d . . .	18	15	7		„ Profit and Loss . . .	200	—	—
		£244	12	6			£244	12	6
					Year 6	By Balance b/d . . .	18	15	7

*Dr.*

## REPAIRS ACCOUNT

*Cr.*

		£	s.	d.			£	s.	d.
Year 2	To Cash . . .	159	17	9	Year 2	By Reps. & Renwls. Res.	159	17	9
Year 3	To Cash . . .	£125	14	6	Year 3	By Reps. & Renwls. Res.	£125	14	6
Year 4	To Cash . . .	£269	15	3	Year 4	By Reps. & Renwls. Res.	£269	15	3
Year 5	To Cash . . .	£225	16	11	Year 5	By Reps. & Renwls. Res.	£225	16	11



## EXERCISE V—No. 9 (contd.).

## JOURNAL ENTRIES

		£	s.	d.	£	s.	d.
Year 1	Profit and Loss A/c . . . . .	200	—	—			
	To Repairs and Renewals Res. A/c .				200	—	—
„ 2	Repairs and Renewals Reserve A/c .	159	17	9			
	To Repairs . . . . .				159	17	9
	Profit and Loss A/c . . . . .	200	—	—			
	To Repairs and Renewals Res. A/c .				200	—	—
„ 3	Repairs and Renewals Reserve A/c .	125	14	6			
	To Repairs . . . . .				125	14	6
	Profit and Loss A/c . . . . .	200	—	—			
	To Repairs and Renewals Res. A/c .				200	—	—
„ 4	Repairs and Renewals Reserve A/c .	269	15	3			
	To Repairs . . . . .				269	15	3
	Profit and Loss A/c . . . . .	200	—	—			
	To Repairs and Renewals Res. A/c .				200	—	—
„ 5	Repairs and Renewals Reserve A/c .	225	16	11			
	To Repairs . . . . .				225	16	11
	Profit and Loss A/c . . . . .	200	—	—			
	To Repairs and Renewals Res. A/c .				200	—	—
		£1,781	4	5	£1,781	4	5

## BALANCE SHEET (AT END OF YEAR)

	LIABILITIES.	£	s.	d.
Year 1	Repairs and Renewals Reserve Account . . . . .	200	—	—
„ 2	Repairs and Renewals Reserve Account . . . . .	£40	2	3
„ 3	Repairs and Renewals Reserve Account . . . . .	£114	7	9
„ 4	Repairs and Renewals Reserve Account . . . . .	£44	12	6
„ 5	Repairs and Renewals Reserve Account . . . . .	£18	15	7

## EXERCISE V—No. 10.

The principal reason for Compound Interest being taken into consideration is on account of the expense of upkeep in the earlier years, being small in comparison with the charges for dilapidations that arise during later years.

## EXERCISE V—No. 11.

<i>Dr.</i>		SINKING FUND ACCOUNT					<i>Cr.</i>				
		£	£	s.	d.			£	£	s.	d.
Year 1	To Balance c/d	188-400	188	8	—	Year 1	By Profit & Loss	188-400	188	8	—
Year 2	To Balance c/d	382-452	382	9	—	Year 2	By Balance b/d	188-400	188	8	—
							„ Interest	5-652	5	13	—
							„ Profit & Loss	188-400	188	8	—
		£382-452	382	9	—			£382-452	£382	9	—
Year 3	To Balance c/d	582-326	582	6	6	Year 3	By Balance b/d	382-452	382	9	—
							„ Interest	11-474	11	9	6
							„ Profit & Loss	188-400	188	8	—
		£582-326	£582	6	6			£582-326	£582	6	6
Year 4	To Balance c/d	788-196	788	3	11	Year 4	By Balance b/d	582-326	582	6	6
							„ Interest	17-470	17	9	5
							„ Profit & Loss	188-400	188	8	—
		£788-196	788	3	11			£788-196	£788	3	11
Year 5	To Amount transferred to Lease A/c	1,000-000	1,000	—	—	Year 5	By Balance b/d	788-196	788	3	11
							„ Interest	23-646	23	12	11
							„ Profit & Loss	188-158	188	3	2
	£	£1,000-000	£1,000	—	—		£	£1,000-000	£1,000	—	—

<i>Dr.</i>		SINKING FUND INVESTMENT ACCOUNT					<i>Cr.</i>				
		£	£	s.	d.			£	£	s.	d.
Year 1	To Cash . . .	188-400	188	8	—	Year 1	By Balance c/d	188-400	188	8	—
Year 2	To Balance b/d.	188-400	188	8	—	Year 2	„ Balance c/d	382-452	382	9	—
	„ Cash (a) . .	194-052	194	1	—						
		£382-452	£382	9	—			£382-452	£382	9	—
Year 3	To Balance b/d.	382-452	382	9	—	Year 3	By Balance c/d	582-326	582	6	6
	„ Cash . . .	199-874	199	17	6						
		£582-326	£582	6	6			£582-326	£582	6	6
Year 4	To Balance b/d.	582-326	582	6	6	Year 4	By Balance c/d	788-196	788	3	11
	„ Cash . . .	205-870	205	17	5						
		£788-196	£788	3	11			£788-196	£788	3	11
Year 5	To Balance b/d.	788-196	788	3	11	Year 5	By Cash . . .	1,000-000	1,000	—	—
	„ Cash . . .	211-804	211	16	1		(Proceeds of realization of investments)				
	£	£1,000-000	£1,000	—	—		£	£1,000-000	£1,000	—	—

(a) The sum includes Interest on FIRST year's investment.

*Note.*—The question requests that the "Accounts" be raised for 3 years. It has been thought an advantage to teachers to show the complete workings, with the alternative workings in parallel columns.

EXERCISE V—No. 11 (*contd.*).

<i>Dr.</i> INTEREST ACCOUNT				<i>Cr.</i>			
Year 2	To Sinking Fund A/c	£	s. d.	Year 2	By Cash . . .	£	s. d.
		5	13 -			5	13 -
Year 3	To Sinking Fund A/c	£	s. d.	Year 3	By Cash . . .	£	s. d.
		11	9 6			11	9 6
Year 4	To Sinking Fund A/c	£	s. d.	Year 4	By Cash . . .	£	s. d.
		17	9 5			17	9 5
Year 5	To Sinking Fund A/c	£	s. d.	Year 5	By Cash . . .	£	s. d.
		23	12 11			23	12 11

## EXERCISE V—No. 12.

See *Advanced Accounts*, pages 152 and 153 (under "Secret Reserves").

## EXERCISE V—No. 13. ✓

<i>Dr.</i> OLD PLANT ACCOUNT				<i>Cr.</i>			
19..	To Balance . . .	£	s. d.	19..	By Depreciation Fund A/c	£	s. d.
		5,400	- -		" A B & Co. . .	1,050	- -
					" Cash . . .	550	- -
					" Profit and Loss . .	1,200	- -
						2,600	- -
		£5,400	- -			£5,400	- -

<i>Dr.</i> NEW PLANT ACCOUNT				<i>Cr.</i>			
19..	To A B & Co. . .	£	s. d.				
		8,850	- -				

<i>Dr.</i> A B & CO.				<i>Cr.</i>			
19..	To Old Plant . . .	£	s. d.	19..	By New Plant . . .	£	s. d.
	" Balance c/d . .	550	- -			8,850	- -
		8,300	- -				
		£8,850	- -			£8,850	- -
					By Balance b/d . .	8,300	- -

<i>Dr.</i> DEPRECIATION FUND ACCOUNT				<i>Cr.</i>			
19..	To Old Plant A/c . .	£	s. d.	19..	By Balance . . .	£	s. d.
		1,050	- -			1,050	- -

<i>Dr.</i> PROFIT AND LOSS ACCOUNT				<i>Cr.</i>			
19..	To Old Plant . . .	£	s. d.				
		2,600	- -				

## EXERCISE V—No. 14.

See *Advanced Accounts*, pages 140 and 141 (under "Insurance Policy System").

## EXERCISE V—No. 15. ✓

## PLANT ACCOUNT

*Dr.* (Depreciation at 5% on original cost) *Cr.*

1930		£	s. d.	1930		£	s. d.
Jan. 1	To Purchases . . .	2,000	- -	Dec. 31	By Depreciation . . .	100	- -
				" 31	" Balance c/d . . .	1,900	- -
		£2,000	- -			£2,000	- -
1931				1931			
Jan. 1	To Balance b/d . . .	1,900	- -	Dec. 31	By Sales . . .	180	- -
July 1	" Purchases . . .	400	- -	" 31	" Loss on Sales . . .	110	- -
				" 31	" Depreciation—		
					£2,000 for 12 mos.	100	- -
					£400 for 6 mos.	10	- -
				" 31	" Balance c/d . . .	1,920	- -
		£2,300	- -			£2,300	- -
1932				1932			
Jan. 1	To Balance b/d . . .	1,920	- -	Dec. 31	By Depreciation—		
Apr. 1	" Purchases . . .	280	- -		£1,100 for 12 mos.	105	- -
				" 31	£280 for 9 mos.	10	10
					" Balance c/d . . .	2,084	10
		£2,200	- -			£2,200	- -
1933				1933			
Jan. 1	To Balance b/d . . .	2,084	10 -	Oct. 1	By Sales . . .	70	- -
				" 1	" Loss on Sales . . .	36	10
				Dec. 31	" Depreciation—		
					£2,260 for 12 mos.	113	- -
				" 31	£120 for 9 mos.	4	10
					" Balance c/d . . .	1,880	10
		£2,084	10 -			£2,084	10 -
1934				1934			
Jan. 1	To Balance b/d . . .	1,860	10 -	Dec. 31	By Depreciation—		
				" 31	£2,260 for 12 mos.	113	- -
					" Balance c/d . . .	1,747	10
		£1,860	10 -			£1,860	10
1935							
Jan. 1	To Balance b/d . . .	1,747	10 -				

EXERCISE V—No. 15 (*cont'd.*).

## PLANT ACCOUNT

*Dr.* (Depreciation at 7½% on diminishing value)*Cr.*

		£	s. d.			£	s. d.
1930				1930			
Jan. 1	To Purchases . . .	2,000	- -	Dec. 31	By Depreciation—		
					7½% of £2,000 . .	150	- -
				" 31	" Balance c/d . .	1,850	- -
		£2,000	- -			£2,000	- -
1931				1931			
Jan. 1	To Balance b/d . . .	1,850	- -	Dec. 31	By Sales . . .	160	- -
July 1	" Purchases . . .	400	- -	" 31	" Loss on Sales . .	96	13 10
				" 31	" Depreciation—		
					£1,850 for 12 mos. .	138	15 -
				" 31	£400 for 6 mos. . .	15	- -
				" 31	" Balance c/d . .	1,839	11 2
		£2,250	- -			£2,250	- -
1932				1932			
Jan. 1	To Balance b/d . . .	1,839	11 2	Dec. 31	By Depreciation—		
Apr. 1	" Purchases . . .	280	- -		£1,839/1/2 for 12 m. .	137	19 4
				" 31	£280 for 9 mos. . .	15	15 -
				" 31	" Balance c/d . .	1,965	16 10
		£2,119	11 2			£2,119	11 2
1933				1933			
Jan. 1	To Balance b/d . . .	1,965	16 10	Oct. 1	By Sale . . .	70	- -
				" 1	" Loss on Sale . .	30	16 6
				Dec. 31	" Depreciation—		
					£1,965/16/10 for 9 m. .	110	11 6
				" 31	£1,865/0/4 for 3 mos. .	34	19 4
				" 31	" Balance c/d . .	1,719	9 6
		£1,965	16 10			£1,965	16 10
1934				1934			
Jan. 1	To Balance b/d . . .	1,719	9 6	Dec. 31	By Depreciation—		
					£1,719/9/6 for 12 m. .	128	19 2
				" 31	" Balance c/d . .	1,590	10 4
		£1,719	9 6			£1,719	9 6
1935							
Jan. 1	To Balance b/d . . .	1,590	10 4				

**EXERCISE V—No. 16.**

See *Advanced Accounts*, pages 125 (under "Fixed Instalment Method"), 131 (under "Annuity System"), 133 (under "Depreciation Fund Principle"), and 140 (under "Insurance Policy System").

**EXERCISE V—No. 17.**

See *Advanced Accounts*, page 140 (under "Insurance Policy System") and onwards.

**EXERCISE V—No. 18. ✓**

<i>Dr.</i>		DEBENTURE RESERVE FUND ACCOUNT				<i>Cr.</i>			
19.. June 30	To Capital Reserve A/c.	£ 50,000	s. —	d. —	19.. June 30	By Balance . . .	£ 50,000	s. —	d. —

Dr.		DEBENTURES REDEEMED ACCOUNT						Cr.	
19.. June 30	To Cash.	£	s.	d.	19.. June 30	By Debentures	£	s.	d.
		50,000	—	—			50,000	—	—

Dr.		DEBENTURES ACCOUNT						Cr.		
19.. June 30	To Debentures Redeemed Account . . .	£ 50,000	s. —	d. —	19.. June 1	By Debenture Holders . .	£ 50,000	s. —	d. —	

INVESTMENTS ACCOUNT												
<i>Dr.</i>				(2½ % Consols)		<i>Cr.</i>						
19..				£	s.	d.	19..			£	s.	d.
June 30	To Balance . . .			59,000	—	—	June 30	By Cash . . .		48,970	—	—
							" 30	" Profit and Loss . . .		10,030	—	—
				£	59,000	—				£	59,000	—

EXERCISE V—No. 18 (*contd.*).

<i>Dr.</i>		CAPITAL RESERVE ACCOUNT						<i>Cr.</i>	
					19.. June 30	By Debenture Res. Fund	<u>£</u> 50,000	<u>s.</u> —	<u>d.</u> —

<i>Dr.</i>		PROFIT AND LOSS ACCOUNT						<i>Cr.</i>	
19.. June 30	To Investments A/c	<u>£</u> 10,030	<u>s.</u> —	<u>d.</u> —					

<i>Dr.</i>		CASH BOOK						<i>Cr.</i>	
			Bank.					Bank.	
19.. June 30	To Balance .	<u>£</u> 6,000	<u>s.</u> —	<u>d.</u> —	19.. June 30	By Debentures Redeem'd Account	<u>£</u> 50,000	<u>s.</u> —	<u>d.</u> —
" 30	" Investments A/c	<u>48,970</u>	—	—	" 30	" Balance c/d	<u>4,970</u>	—	—
		<u>£</u> 54,970	—	—			<u>£</u> 54,970	—	—
June 30	To Balance b/d	<u>4,970</u>	—	—					

## EXERCISE V—No. 19.

The insurance premiums paid must be estimated as worth only "surrender value."

INVESTMENT ACCOUNT															
Dr.		(Insurance Policy on Life of Managing Director)								Cr.					
		Amount Assured.			Premiums Paid.					Amount Assured.			Premiums Paid.		
19..	To Cash .	£ 1,000	s. —	d. —	£ 250	s. —	d. —	19..	By Bal. c/d	£ 1,000	s. —	d. —	£ 250	s. —	d. —

EXERCISE V—No. 19 (*contd.*).

Dr. INVESTMENT REDEMPTION FUND ACCOUNT					Cr.		
19..					By Appropriation A/c	£ 250	s. d. — —

APPROPRIATION ACCOUNT				CASH BOOK			
(DEBIT SIDE)				(CREDIT SIDE)			
19..	To Investment Redemption Fund A/c	£ 250	s. d. — —	19..	By Investment A/c (For insurance premium paid)	£ 250	s. d. — —

## EXERCISE V—No. 20.

See *Advanced Accounts*, page 151 (under "Marine Insurance Fund").

## EXERCISE V—No. 21.

See *Advanced Accounts*, page 150.

## EXERCISE V—No. 22.

See Answers at end of *Advanced Accounts*.

## EXERCISE V—No. 23.

See *Advanced Accounts*, pages 124 to 131 (inclusive).

- EXERCISE V—Nos. {
- 24. See Answers at end of *Advanced Accounts*.
  - 25. The definitions are given and differentiated on page 150 onwards of *Advanced Accounts*.
  - 26. See *Advanced Accounts*, pages 124 to 131 (inclusive), and 150 and 151.
  - 27. See Answers at end of *Advanced Accounts*.
  - 28. (a) See *Advanced Accounts*, page 127 (under "Diminishing Balance Method").
  - (b) See *Advanced Accounts*, pages 131 to 133 (at foot of page, under "Annuity Method").

## EXERCISE V—No. 29.

## JOURNAL

19..	Appropriation Account	Dr.	£ 1,275	s. d. — —	£ 1,275	s. d. — —
	To Reserve Fund					
			£ 1,275	— —	£ 1,275	— —



EXERCISE V—No. 29 (*contd.*).

## INVESTMENTS ACCOUNT

(£1,500 @ 85)

<i>Dr.</i>				<i>Cr.</i>			
19..	To Cash . . .	£	s. d.				
		1,275	- -				

## RESERVE FUND ACCOUNT

<i>Dr.</i>				<i>Cr.</i>			
				19..	By Appropriation A/c .	£	s. d.
						1,275	- -

## CASH ACCOUNT

<i>Dr.</i>				<i>Cr.</i>			
		Bank.				Bank.	
19..	To Balance . . .	£	s. d.	19..	By Investments .	£	s. d.
		6,000	- -		(£1,500 @ 85)	1,275	- -
					„ Balance c/d .	4,725	- -
		£6,000	- -			£6,000	- -
	To Balance b/d . .	4,725	- -				

## APPROPRIATION ACCOUNT

<i>Dr.</i>				<i>Cr.</i>			
19..	To Reserve Fund .	£	s. d.	19..	By Balance . . .	£	s. d.
	„ Bal. to Balance Sheet	1,275	- -			2,500	- -
		1,225	- -				
		£2,500	- -			£2,500	- -

EXERCISE V—No. 29 (*contd.*).

## JOHN BROWN, LTD.

## BALANCE SHEET

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Capital . . . . .	10,000	—	—	Stock. . . . .	5,000	—	—
Reserve Fund . . . . .	1,275	—	—	Sundry Debtors . . . . .	2,500	—	—
Bills Payable . . . . .	800	—	—	Bills Receivable . . . . .	1,200	—	—
Sundry Creditors. . . . .	1,400	—	—	Investments . . . . .	1,275	—	—
<i>Profit and Loss A/c—</i>				(2½% Consols)			
Balance available for				Cash at Bank . . . . .	4,725	—	—
distribution . . . . .	1,225	—	—				
	£ 14,700	—	—		£ 14,700	—	—

## EXERCISE V—No. 30.

- (a) See *Advanced Accounts*, pages 144 to 148 (inclusive).  
 (b) See *Advanced Accounts*, page 137.

## EXERCISE VI—No. 1.

Dr.

## CASH BOOK

Cr.

Nos.		Disct.		Bank.		Nos.		Disct.		Bank.	
		£	s.	d.				£	s.	d.	
19..	7	To Bills Recble.				19..	1	By R. Red . . . . .			
		(N. Notley's)					7	" Bkrs.' Disct. . . . .			
	12	" Bills Recble.		120	—		10	" N. Norfolk—		1	10
		(Henry & Co.'s P/N)			—		15	" (sight draft)		125	—
	16	" Bills Recble.		40	—			" Bills Payable			
		(G.Graham's)			—		16	(P/N to M. Martin) . . . . .		120	—
				150	—		17	" Bkrs.' Disct.			
								(3¼% for 3m.)		1	8
								Perrier Frères:			2
								7 dy.'sght.dft.		100	—

EXERCISE VI—No. 1 (*contd.*).

## JOURNAL ENTRIES

		£	s.	d.	£	s.	d.
(1)	Bills Receivable. . . . .	30	—	—			
	To R. Red . . . . .				30	—	—
(2)	Francis & Co. . . . .	200	—	—			
	To Bills Payable . . . . .				200	—	—
(3)	Blue & Co. . . . .	95	—	—			
	To Bills Payable . . . . .				95	—	—
(4)	Purchases Account . . . . .	150	—	—			
	To Sharp & Co. . . . .				150	—	—
	Sharp & Co. . . . .	150	—	—			
	To Bills Payable . . . . .				142	10	—
	„ Discount . . . . .				7	10	—
(5)	Ridler & Son . . . . .	90	—	—			
	To Bills Payable . . . . .				90	—	—
(6)	Bills Receivable. . . . .	120	—	—			
	To S. Straker . . . . .				120	—	—
(8)	Bills Receivable. . . . .	120	—	—			
	To M. Monk . . . . .				120	—	—
(9)	Bills Receivable. . . . .	190	—	—			
	Discount . . . . .	10	—	—			
	To Green & Co. . . . .				200	—	—
(11)	Bills Receivable. . . . .	420	—	—			
	To J. Rowell . . . . .				420	—	—
	M. Goodman . . . . .	420	—	—			
	To Bills Receivable . . . . .				420	—	—
(13)	B. Blunt . . . . .	120	—	—			
	To Sales . . . . .				120	—	—
	Bills Receivable. . . . .	117	—	—			
	Discount . . . . .	3	—	—			
	To B. Blunt . . . . .				120	—	—
(14)	York & Sons . . . . .	150	—	—			
	To Sales . . . . .				150	—	—
	Bills Payable . . . . .	150	—	—			
	To York & Sons . . . . .				150	—	—
(18)	Dark & Co. . . . .	300	—	—			
	To Bills Payable . . . . .				285	—	—
	„ Discount . . . . .				15	—	—
		£2835	—	—	£2835	—	—

## EXERCISE VI—No. 1 (19).

(a) An example of a bill of exchange which is a "negotiable instrument" is as shown on page 159 of *Advanced Accounts*. The accounts necessary to adequately record the transactions it involves are detailed below

19.. Jan. 17	(1) <i>In J. Rowell's Books</i>		JOURNAL			LEDGER Accounts will be raised for— Bills Receivable: M. Goodman M. Bressloff
	Bills Receivable . . .	Dr. £250		To M. Goodman . . .	Cr. £250	
.. 17	M. Bressloff . . .	Dr. £250		To Bills Receivable . . .	Cr. £250	
19.. Jan. 17	(2) <i>In M. Goodman's Books</i>		JOURNAL			LEDGER Accounts will be raised for— Bills Payable: J. Rowell
	J. Rowell . . .	Dr. £250		To Bills Payable . . .	Cr. £250	
19.. Jan. 17	(3) <i>In M. Bressloff's Books</i>		JOURNAL			LEDGER Accounts will be raised for— Bills Receivable: J. Rowell
	Bills Receivable . . .	Dr. £250		To J. Rowell . . .	Cr. £250	

(b) *In the Drawer's Ledger.*

Dr.				BILLS RECEIVABLE ACCOUNT				Cr.			
		£	s.	d.		By K . . .	£	s.	d.		
							100	-	-		
Dr.				B				Cr.			
	To K . . .	£	s.	d.			£	s.	d.		
	" K (for Noting Charges) . . .	100	-	-							
			7	6							
Dr.				K				Cr.			
	To Bills Receivable . . .	£	s.	d.		By B . . .	£	s.	d.		
		100	-	-		" B (for Noting Charges) . . .	100	-	-		
								7	6		

*In K's Ledger*

Dr.				BILLS RECEIVABLE ACCOUNT				Cr.			
	To Drawer . . .	£	s.	d.		By Drawer . . .	£	s.	d.		
		100	-	-			100	-	-		

EXERCISE VI—No. 1 (19) (*contd.*).

<i>Dr.</i>		DRAWER'S ACCOUNT						<i>Cr.</i>		
	To Bills Receivable	£	s.	d.			By Bills Receivable	£	s.	d.
	„ Noting Charges	100	7	6				100	—	—

<i>Dr.</i>		NOTING CHARGES ACCOUNT						<i>Cr.</i>		
		£	s.	d.			By Drawer	£	s.	d.
									7	6

## (c) B's JOURNAL

		£	s.	d.	£	s.	d.
(1)	The bill still in the hands of the drawer.						
	F . . . . . <i>Dr.</i>	100	—	—			
	To Bills Receivable . . . <i>Cr.</i>				100	—	—
	Cancellation of bill.						
(2)	The bill has been previously endorsed over to a creditor						
	F . . . . . <i>Dr.</i>	100	—	—			
	To A. Creditor . . . . . <i>Cr.</i>				100	—	—
	For dishonour of F's acceptance.						

## B's CASH BOOK (CREDIT SIDE)

		£	s.	d.	£	s.	d.
(3)	The bill has since been discounted with the banker						
	By F (Dishonoured Bill) . . .	100	—	—			

## EXERCISE VI—No. 2.

## JOURNAL ENTRIES

		£	s.	d.	£	s.	d.
(1)	Blue & Black . . . . .	200	—	—			
	To Bills Receivable . . . . .				200	—	—
	Bills Receivable . . . . .	202	13	—			
	To Blue & Black . . . . .				202	13	—
	Blue & Black . . . . .	2	13	—			
	To Interest . . . . .				2	10	—
	For charge of Interest of 5% on £200 for 3 months						
	To Bill Stamp . . . . .				3	—	—

## EXERCISE VI—No. 2 (contd.).

## JOURNAL ENTRIES (contd.).

		£	s.	d.	£	s.	d.
(3)	Wilson & Jones . . . .	420	—	—	420	—	—
	To Bills Receivable . . . .						
	Bills Receivable . . . .	301	9	—	301	9	—
	To Wilson & Jones . . . .						
	Wilson & Jones . . . .	1	9	—	1	5	—
	To Interest . . . .						
	For charge of Interest of 5% on £300 for 1 month						
	To Bill Stamp . . . .					4	—
(4)	L. Lamb . . . .	460	5	6	460	5	6
	To Charles & Son . . . .						
(5)	Bills Payable . . . .	630	—	—	630	—	—
	To Brockwell & Haigh . . . .						
	Brockwell & Haigh . . . .	402	18	4	402	18	—
	To Bills Payable . . . .						
	Bill Stamp . . . .		5	—			
	Interest . . . .	2	13	4			
	(1% of £400 for 2 months) To Brockwell & Haigh . . . .				2	18	4
(6)	Bills Payable . . . .	300	—	—	300	—	—
	To Locke & Co. . . .						
	Locke & Co. . . .	303	14	—	303	14	—
	To Bills Payable . . . .						
	Bill Stamp . . . .		4	—			
	Interest . . . .	3	10	—			
	(For charge of Interest of 3½% on £300 for 4 months) To Locke & Co. . . .				3	14	—
(7)	Bills Payable . . . .	345	—	—			
	Noting Charges . . . .		10	8	345	10	8
	To Dawson Bros. . . .						
(9)	Bills Receivable . . . .	1,083	—	9	1,083	—	9
	To Frame & Co. . . .						
	Frame & Co. . . .	26	18	6	26	7	6
	To Interest . . . .						
	(For charge of Interest of 6% on £1,055 for 5 months) To Bill Stamp . . . .					11	—
		£ 4,687	4	1	4,687	4	1

EXERCISE VI—No. 2 (*contd.*).

## CASH BOOK

(Debit side)

Bank.

		£	s.	d.
(3)	To Wilson & Jones . . . . .	120	—	—
(3)	„ Bills Receivable . . . . .	301	9	—
(9)	„ „ . . . . .	1,083	—	9

## CASH BOOK

(Credit side)

Bank.

		£	s.	d.
(2)	By G. Gulliver (dishonoured bill, etc.) . . . . .	450	5	—
(4)	„ Charles & Son . . . . .	460	5	6
(5)	„ Brockwell & Haigh . . . . .	230	—	—
(7)	„ Dawson Bros. . . . .	345	10	8
(8)	„ Needham & Co. (dishonoured bill, etc.) . . . . .	425	7	6
(9)	„ Frame & Co. (dishonoured bill, etc.) . . . . .	1,056	2	3

EXERCISE VI—No. 3 (*a*).

## S. SILVERMAN'S LEDGER

Dr.

G. GOLDSTEIN

Cr.

19..		£	s.	d.	19..		£	s.	d.
Jan. 1	To Bills Payable . . . . .	125	—	—	Apr. 4	By Cash . . . . .	125	—	—

Dr.

BILLS PAYABLE ACCOUNT

Cr.

19..		£	s.	d.	19..		£	s.	d.
Apr. 4	To Cash . . . . .	125	—	—	Jan. 1	By G. Goldstein . . . . .	125	—	—

Dr.

BANK ACCOUNT

Cr.

19..		£	s.	d.	19..		£	s.	d.
Apr. 4	To G. Goldstein . . . . .	125	—	—	Apr. 4	By Bills Payable . . . . .	125	—	—

## G. GOLDSTEIN'S LEDGER

Dr.

S. SILVERMAN

Cr.

19..		£	s.	d.	19..		£	s.	d.
Apr. 4	To Cash. . . . .	125	—	—	Jan. 1	By Bills Receivable . . . . .	125	—	—

## EXERCISE VI—No. 3 (a) (contd.).

<i>Dr.</i>				BILLS RECEIVABLE ACCOUNT				<i>Cr.</i>			
19.. Jan. 1	To S. Silverman	£ 125	s. —	d. —	19.. Jan. 1	By Bank . . . .	£ 125	s. —	d. —		

<i>Dr.</i>				CASH BOOK (BANK ACCOUNT)				<i>Cr.</i>			
19.. Jan. 1	To Bills Receivable	£ 125	s. —	d. —	19.. Jan. 1	By Banker's Discount	£ 1	s. 1	d. 11		
					Apr. 4	„ S. Silverman . .	125	—	—		

<i>Dr.</i>				BANKERS' DISCOUNT ACCOUNT				<i>Cr.</i>			
19.. Jan. 1	To Bank . . .	£ 1	s. 1	d. 11							

## EXERCISE VI—No. 3 (b)

## P. PATERSON'S LEDGER

<i>Dr.</i>				I. INGRAM				<i>Cr.</i>			
19.. Mar. 1	To Bills Payable . .	£ 135	s. —	d. —	19.. Mar. 1	By Bills Receivable	£ 135	s. —	d. —		

<i>Dr.</i>				BILLS RECEIVABLE ACCOUNT				<i>Cr.</i>			
19.. Mar. 1	To I. Ingram . . .	£ 135	s. —	d. —	19.. Mar. 1	By Bank . . . .	£ 135	s. —	d. —		

<i>Dr.</i>				BILLS PAYABLE ACCOUNT				<i>Cr.</i>			
19.. June 4	To Cash. . . . .	£ 135	s. —	d. —	19.. Mar. 1	By I. Ingram . . .	£ 135	s. —	d. —		

<i>Dr.</i>				BANKERS' DISCOUNT ACCOUNT				<i>Cr.</i>			
19.. Mar. 1	To Bank . . . . .	£ 1	s. 7	d. —							

<i>Dr.</i>				CASH BOOK (BANK ACCOUNT)				<i>Cr.</i>			
19.. Mar. 1	To Bills Receivable	£ 135	s. —	d. —	19.. Mar. 1	By Banker's Discount	£ 1	s. 7	d. —		
					June 4	„ Bills Payable . .	135	—	—		



## EXERCISE VI—No. 3 (b) (contd.).

## I. INGRAM'S LEDGER

Dr.

P. PATERSON

Cr.

19.. Mar. 1	To Bills Payable . . .	£ 135	s. -	d. -	19.. Mar. 1	By Bills Receivable . . .	£ 135	s. -	d. -
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Dr.

BILLS RECEIVABLE ACCOUNT

Cr.

19.. Mar. 1	To P. Paterson . . .	£ 135	s. -	d. -	19.. Mar. 1	By Bank . . . . .	£ 135	s. -	d. -
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Dr.

BILLS PAYABLE ACCOUNT

Cr.

19.. June 4	To Cash . . . . .	£ 135	s. -	d. -	19.. Mar. 1	By P. Paterson . . .	£ 135	s. -	d. -
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Dr.

BANKERS' DISCOUNT ACCOUNT

Cr.

19.. Mar. 1	To Bank . . . . .	£ 1	s. 7	d. -					
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Dr.

CASH BOOK (BANK ACCOUNT)

Cr.

19.. Mar. 1	To Bills Receivable . . .	£ 135	s. -	d. -	19.. Mar. 1 June 4	By Bankers Discount " Bills Payable . . .	£ 1 135	s. 7 -	d. -
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## EXERCISE VI—No. 3 (c).

## H. HOOKER'S LEDGER

Dr.

E. EVANS

Cr.

19.. Feb. 1	To Bills Payable . . .	£ 115	s. -	d. -	19.. Feb. 1 May 4	By Cash . . . . . " Discount . . . . . " Cash . . . . .	£ 56 10 57	s. 19 10 10	d. 3 9 -
		£115	-	-			£115	-	-

Dr.

BILLS PAYABLE ACCOUNT

Cr.

19.. May 4	To Cash. . . . .	£ 115	s. -	d. -	19.. Feb. 1	By E. Evans . . . . .	£ 115	s. -	d. -
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Dr.

DISCOUNT ACCOUNT

Cr.

19.. Feb. 1	To E. Evans . . . . .	£ 10	s. 10	d. 9					
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## EXERCISE VI—No. 3 (c) (contd.).

Dr.		CASH BOOK (BANK ACCOUNT)						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
Feb. 1	To E. Evans . . .	56	19	3	May 4	By Bills Payable . .	115	-	-	
May 4	„ „ . . .	57	10	-						

E. EVANS' LEDGER														
Dr.					H. HOOKER					Cr.				
19..			£	s.	d.	19..			£	s.	d.			
Feb. 1	To Cash. . . . .	56	19	3		Feb. 1	By Bills Receivable .	115	-	-				
" 1	" Banker's Discount		10	9										
May 4	" Cash. . . . .	57	10	-										
		£115	-	-				£115	-	-				

<i>Dr.</i>		BILLS RECEIVABLE ACCOUNT					<i>Cr.</i>		
19..		£	s.	d.	19..		£	s.	d.
Feb. 1	To H. Hooker . . .	115	-	-	Feb. 1	By Cash . . . . .	115	-	-

<i>Dr.</i>		BANKERS' DISCOUNT ACCOUNT					<i>Cr.</i>		
19..		£	s.	d.	19..		£	s.	d.
Feb. 1	To Cash. . . . .	1	1	6	Feb. 1	By H. Hooker . . .	-	10	9

Dr.		CASH BOOK (BANK ACCOUNT)						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
Feb. 1	To Bills Receivable	115	-	-	Feb. 1	By Banker's Discount	1	1	6	
					" 1	" H. Hooker . . .	56	19	3	
					May 4	" " . . . .	57	10	-	

## EXERCISE VI—No. 4 (a).

No. 1.

DUE DATE 26th April, 19..

LEEDS.

£669 : 8 : 11

23rd January, 19..

STAMP

7/-

Three months after date, pay to us or our order  
Six hundred and sixty-nine pounds, eight shillings  
and eleven pence value received.

To MESSRS. DARLOW & WALSH,  
Bolton.

EARLE &amp; CREASY.

## EXERCISE VI—No. 4 (b).

## JOURNAL ENTRIES

19..		£	s.	d.	£	s.	d.
Jan. 23	Darlow & Walsh . . . . .	659	14	8			
	To Bills Receivable . . . . .				659	14	8
	Bill returned and withdrawn.						
	Darlow & Walsh . . . . .	8	5	4			
	To Interest . . . . .				8	5	4
	For 5% Interest charged on £659/14/8 plus £1/8/11/for 3 months.						
	Darlow & Walsh . . . . .	1	8	11			
	To Bill Stamp and Expenses . . . . .				1	8	11
	Bills Receivable. . . . .	669	8	11			
	To Darlow & Walsh . . . . .				669	8	11
	Amount of NEW bill, including interest and expenses.						
	Bills Receivable. . . . .	667	19	8			
	To Darlow & Walsh . . . . .				667	19	8
	<i>Particulars of Securities—</i> DUE						
	(1) H. G. Bourne & Co., £209/11/6 Feb. 14						
	(2) Neville & Co., £173/4/9 „ 26						
	(3) James Hordarn, £89/14/8 Mar. 25						
	(4) George Blakey, £82/16/- Apr. 19						
	(5) Smith, Wilks & Co., £112/12/9 Apr. 26						
	Bank . . . . .	667	19	8			
	To Bills Receivable . . . . .				667	19	8
	For all above bills discounted.						
Feb. 23	Bank . . . . .	669	8	11			
	To Bills Receivable . . . . .				669	8	11
	For renewed bill of Jan. 23 discounted.						
Mar. 25	Darlow & Walsh . . . . .	90	2	2			
	To Bank . . . . .				90	2	2
	For Bill No. 3 dishonoured, including Noting Charges of 7s. 6d.						
Apr. 4	Bank . . . . .	90	2	2			
	To Darlow & Walsh . . . . .				90	2	2
	For payment to bank of value of Bill No. 3 (dishonoured).						
26	Darlow & Walsh . . . . .	782	1	8			
	To Bank . . . . .				782	1	8
	For dishonour of renewed bill of Jan. 23 and of Bill No. 5.						
	£	4,306	12	1	£4,306	12	1

## EXERCISE VI—No. 4 (c).

## EARLE &amp; CREASEY'S LEDGER

<i>Dr.</i>				DARLOW & WALSH				<i>Cr.</i>					
				£	s.	d.					£	s.	d.
19..				659	14	8	19..				669	8	11
Jan. 23	To Bills Receivable.			8	5	4	Jan. 23	By Bills Receivable					
" 23	" Interest . . .						" 23	" Bills Receivable					
" 23	" Bill Stamp and							(surrendered					
	Expenses . . .	1	8	11				as securities) .	667	19	8		
Mar. 25	" Bank . . . . .	90	2	2			Apr. 4	" Bank. . . . .	90	2	2		
Apr. 26	" Bank (renewed						" 26	" Balance c/d . .	114	2	-		
	Bill and Bill												
	No. 5) . . . . .	782	1	8									
		£	1,541	12	9				£	1,541	12	9	

## EXERCISE VI—No. 5.

## JOURNAL ENTRIES

		£	s.	d.	£	s.	d.
19..							
(A) Oct. 1	Bills Receivable . .	105	-	-	105	-	-
	To Rhodes . . . .						
(B) Dec. 11	Hirst (bill broker) . .	100	-	-			
	Discount . . . . .	5	-	-			
	To Bills Receivable . .				105	-	-
19..							
(C) Apr. 7	Rhodes . . . . .	105	-	-	105	-	-
	To Hirst (bill broker) .						
		£315	-	-	£315	-	-

- (A) The bill will require a stamp duty of 2s.  
 The bill will be due for payment 4th of April, 19..  
 (that is, 3 days beyond the period, or tenor of the bill).

## EXERCISE VI—No. 6.

## JONES'S LEDGER

Dr.				BROWN				Cr.			
19.		£	s.	d.	19..		£	s.	d.		
Jan. 1	To Cash . . . . .	296	5	—	Jan. 1	By Bills Receivable	600	—	—		
"	" Discount . . . .	3	15	—	"	" Cash . . . . .	148	2	6		
"	" Bills Payable . .	300	—	—	"	" Discount. . . .	1	17	6		
Mar. 31	" " Receivable.	600	—	—	June 30	" Cash . . . . .	112	10	—		
					"	" Bad Debts . . .	337	10	—		
		£	1,200	—			£	1,200	—		

## EXERCISE VI—No. 7.

Bills under Discount should be stated in the Balance Sheet as a contingent liability, and entered short, as under—

*Contingent Liability.*

	£	s.	d.
Bills under Discount . . . . .	10,750	-	-

If it is known that £1,000 worth of the bills discounted may not mature, a reserve must be made against that possibility by a charge against "Profit and Loss" of £1,000, and an equivalent amount credited to "Reserve for Loss on Bills under Discount."

An adjustment may be made with regard to the Reserve in the event of the actual sums (10s. in £) being received. ✓

## EXERCISE VI—No. 8.

## B's JOURNAL

		£	s.	d.	£	s.	d.
19..							
Jan. 1	Bills Receivable . . . . .	6,000	-	-			
	To A . . . . .				6,000	-	-
	For two bills drawn on him for £2,000 and £4,000 for 2 mos. and 4 mos. respectively.						
Mar. 4	Bills Receivable . . . . .	1,012	10	-			
	To A . . . . .				1,012	10	-
	For bill of £1,000 + Interest at 5% for 3 months.						
	A . . . . .	12	10	-			
	To Interest . . . . .				12	10	-
	For charge of Interest—5% of £1,000 for 3 months						
May 4	A . . . . .	2,540	-	-			
	To Bills Payable . . . . .				2,540	-	-
	For acceptances of £1,131/16/8 and £1,408/3/4 for 2 months and 3 months respectively.						
		£9,565	-	-	£9,565	-	-

## B's LEDGER

Dr.		SALES ACCOUNT				Cr.	
19..		£	s.	d.	19..	£	s.
Jan. 1	By A . . . . .				Jan. 1	6,000	-

It has been assumed that A would have received value before bills would be accepted by him.

## EXERCISE VI—No. 8 (contd.).

Dr.		A				Cr.			
		£	s.	d.			£	s.	d.
19..					19..				
Jan. 1	To Sales . . . . .	6,000	—	—	Jan. 1	By Bills Receivable . .	6,000	—	—
Mar. 1	„ Cash . . . . .	1,000	—	—	Mar. 4	„ „ . . . . .	1,012	10	—
„ 4	„ Interest . . . . .	12	10	—	June 7	„ Balance c/d . . . . .	3,552	10	—
May 4	„ Bills Payable . . . . .	2,540	—	—					
June 7	„ Cash . . . . .	1,012	10	—					
		£ 10,565	—	—			£ 10,565	—	—
June 7	To Balance b/d . . . . .	3,552	10	—					

Dr.		BILLS RECEIVABLE ACCOUNT						Cr.	
		£		s. d.				£ s. d.	
19..						19..			
Jan. 1	To A . . . . .	6,000				Jan. 3	By Cash . . . . .	2,000	
Mar. 4	" A . . . . .	1,012	10	—		" 3	" " . . . . .	4,000	
						Mar. 4	" " . . . . .	1,012	10
		<u>£7,012</u>	<u>10</u>	<u>—</u>				<u>£7,012</u>	<u>10</u>

Dr.		BILLS PAYABLE ACCOUNT						Cr.		
19..			£	s.	d.	19..		£	s.	d.
July 7	To Cash . . . . .		1,131	16	8	May 4	By A . . . . .	2,540	—	—
Aug. 7	„ „ . . . . .		1,408	3	4					
			<u>£2,540</u>	—	—			<u>£2,540</u>	—	—

Dr.		INTEREST ACCOUNT				Cr.		
				19..				
				Mar. 4	By A . . . . .	£	s.	d.
						12	10	—

Dr.		BANKERS' DISCOUNT ACCOUNT			Cr.	
19..		£	s.	d.		
Mar. 4	To Sundries . . . . .	76	6	4		

CASH BOOK														
Dr.					(BANK COLUMN)					Cr.				
19..		£	s.	d.	19..		£	s.	d.					
Jan. 3	To Bills Receivable . .	2,000	—	—	Jan. 3	By Banker's Discount .	13	3	—					
		4,000	—	—			53	—	10					
Mar. 4	" " " . .	1,012	10	—	Mar. 1	" A " " " . .	1,000	—	—					
					" 4	" Banker's discount .	10	2	6					
					June 7	" A (dishonoured bill) .	1,012	10	—					
					July 7	" Bills Payable . .	1,131	16	8					
					Aug. 7	" " " " " . .	1,408	3	4					
					"	" Balance . . . .	2,383	13	8					
		£7,012	10	—			£7,012	10	—					

EXERCISE VI—No. 9.

BILLS RECEIVABLE BOOK

Date.	No. of Bill.	From Whom Received.	Fol.	Discount.		Amount of Bill.		Date of Bill.	Tenor.	Due Date.	Remarks.
19..				£	s.	d.	£	s.	d.		
Mar. 2	129	Green & Golding	.				152			19.. 2	1 month
9	130	Bills & Co.	.				185			Mar. 12	2 months
12	131	Pavey & Lory	.				12			June 14	3 months
16	132	Alcott, Jones & Co.	.				135			Feb. 28	60 days
22	133	Dayes & Kerry	.	11	5	9	214	9	3	Mar. 22	4 months
31	134	B. Beaton	.				116	2	6	Jan. 29	2 months
				19	5	9	£874	1	1	Jan. 29	2 months
				Fo.							RECEIVABLE
											A/c Dr.
											Acceptor—Green & Golding —J. Thompson, Met.—Mar. 12 Endorsed over to Mandrakes, Ltd.—11th June Acceptor—B. Bunker. Discounted { Endorsement by B. Beaton of H. Moore's bill drawn on L. Levar—Disbonoured

BILLS PAYABLE BOOK

Date.	No. of Bill.	To Whom Given.	Fol.	Discount.		Amount of Bill.		Date of Bill.	Tenor.	Due Date.	Remarks.
Mar. 3	95	Phillip & Son	.	£	s.	d.	£	s.	d.		
12	96	Lonsdale & Sons	.				237	16	4	Mar. 2	2 months
21	97	Sowerby & Wade	.	8	14	10	125			Mar. 24	10 days
27	98	Green & Noel	.				166	1	8	Apr. 19	1 month
30	99	T. Nicholson	.				303	9	11	Apr. 26	3 months
31	100	G. Graham	.	7	1	9	66	13	8	June 29	4 months
				£15	16	7	134	13	3	Aug. 1	90 days
							£1,083	14	10	June 22	90 days
				Fo.							PAYABLE
											A/c Cr.
											Payee—Ogden & Co. Renewed May 4 Honoured—Mar. 24 Payee—Leury & Son Payee—Gardner & Ishister

EXERCISE VI—No. 9 (*contd.*).

## JOURNAL ENTRIES

19..		£	s.	d.	£	s.	d.
Mar. 27	Interest . . . . .	3	14	11			
	To Green & Noel. . . . .				3	14	11
Apr. 1	B. Bearon . . . . .	116	2	6			
	To Bills Receivable . . . . .				116	2	6
May 4	Bills Payable . . . . .	237	16	4			
	To Phillip & Son . . . . .				237	16	4
„ 4	Phillip & Son . . . . .	237	16	4			
	To Bills Payable . . . . .				237	16	4
June 11	Mandrakes . . . . .	120	12	6			
	To Bills Receivable . . . . .				120	12	6

## CASH BOOK

(Bank Column)

19..		£	s.	d.	19..		£	s.	d.
Mar. 12	To Bills Receivable (No. 130) . . . . .	85	16	10	Mar. 24	By Bills Payable (No. 96) . . . . .	125	-	
„ 16	„ Bills Receivable (No. 132) . . . . .	185	-	-					

## EXERCISE VI—No. 10.

“Renewing” a bill is an arrangement by which a *drawer* of a bill withdraws the first bill and makes out a fresh one.

The new bill, in addition to the amount of the old one, will include the *drawer's* charges for interest and stamp duty.

## (4) WELT &amp; DRAY'S JOURNAL

	£	s.	d.	£	s.	d.
F. Frost . . . . .	126	15	8			
To Bills Receivable . . . . .				126	15	8
Bills Receivable . . . . .	127	17	6			
To F. Frost . . . . .				127	17	6
F. Frost . . . . .	1	1	10			
To Interest . . . . .				19	10	-
„ Stamp Duty . . . . .				2	-	-
	£255	15	-	£255	15	-



EXERCISE VI—No. 10 (*contd.*).

## F. FROST'S JOURNAL

	£	s.	d.	£	s.	d.
Bills Payable . . . . .	126	15	8			
To Welt & Dray . . . . .				126	15	8
Welt & Dray . . . . .	127	17	6			
To Bills Payable . . . . .				127	17	6
Interest . . . . .		19	10			
Stamp Duty . . . . .		2	—			
To Welt & Dray . . . . .				1	1	10
	£255	15	—	£255	15	—

## (B) S. STORM'S JOURNAL

	£	s.	d.	£	s.	d.
Jenkins & Co. . . . .	226	14	11			
To Bills Receivable . . . . .				226	14	11
Bills Receivable . . . . .	230	—	9			
To Jenkins & Co. . . . .				230	—	9
Jenkins & Co. . . . .	3	5	10			
To Interest . . . . .				3	2	10
„ Stamp Duty . . . . .					3	—
	£460	1	6	£460	1	6

## J. JENKINS' JOURNAL

	£	s.	d.	£	s.	d.
Bills Payable . . . . .	226	14	11			
To S. Storm . . . . .				226	14	11
S. Storm . . . . .	230	—	9			
To Bills Payable . . . . .				230	—	9
Interest . . . . .	3	2	10			
Stamp Duty . . . . .		3	—			
To S. Storm . . . . .				3	5	10
	£460	1	6	£460	1	6

## EXERCISE VI—No. 11.

## T. TALBOT'S JOURNAL

	£	s.	d.	£	s.	d.
Bills Receivable . . . . .	120	—	—			
To A—Debtor . . . . .				120	—	—

The above bill can be dealt with in the following ways—

- (1) Discounted with a banker or bill broker.
- (2) Endorsed to a customer.
- (3) Held until maturity.

JOURNAL ENTRIES		£	s.	d.	£	s.	d.
(2) A—Creditor . . . . .		120	—	—			
To Bills Receivable . . . . .					120	—	—
<i>If dishonoured—</i>							
A—Debtor . . . . .		120	—	—			
To A—Creditor . . . . .					120	—	—
CASH BOOK (DEBIT SIDE)							
(1) To Bills Receivable . . . . .					120	—	—
<i>If dishonoured—</i>							
CASH BOOK (CREDIT SIDE)							
By A—Debtor . . . . .					120	—	—
(3) As for (1), assuming the bill had been sent to bank for collection, otherwise, as under—							
JOURNAL ENTRY							
A—Debtor . . . . .		120	—	—			
To Bills Receivable . . . . .					120	—	—

## EXERCISE VI—No. 12.

Methods of procedure are explained on page 173 *et seq.* of *Advanced Accounts*.

(1) Credit Bank Account "By J (for dishonoured bill)."

## (2) M's LEDGER

Dr.				B.				Cr.			
19.. Mar. 1	To Bills Payable .	£	s.	d.	19.. Mar. 1	By Bills Receivable .	£	s.	d.		
		100	—	—			100	—	—		
Dr.				BILLS RECEIVABLE ACCOUNT				Cr.			
19.. Mar. 1	To B . . . . .	£	s.	d.	19.. Mar. 1	By Bank . . . . .	£	s.	d.		
		100	—	—			100	—	—		
Dr.				BILLS PAYABLE ACCOUNT				Cr.			
19.. June 4	To Bank . . . . .	£	s.	d.	19.. Mar. 1	By B . . . . .	£	s.	d.		
		100	—	—			100	—	—		

EXERCISE VI—No. 12 (*contd.*).

<i>Dr.</i>		BANK ACCOUNT						<i>Cr.</i>		
19.. Mar. 1	To Bills Receivable	£	s.	d.	19.. Mar. 1 June 4	By Discount Charges	£	s.	d.	
		100	-	-		„ Bills Payable	100	5	-	

<i>Dr.</i>		DISCOUNT ACCOUNT						<i>Cr.</i>		
19.. Mar. 1	To Bank . . .	£	s.	d.	19..		£	s.	d.	
		1	5	-						

*Note.* The tenor of the bill has been taken at "three months."

## B's LEDGER

<i>Dr.</i>				M.				<i>Cr.</i>			
19.. Mar. 1	To Bills Payable .	£ 100	s. -	d. -	19.. Mar. 1	By Bills Receivable .	£ 100	s. -	d. -		

<i>Dr.</i>		BILLS RECEIVABLE ACCOUNT						<i>Cr.</i>		
19.. Mar. 1	To M . . . .	£	s.	d.	19.. Mar. 1	By Bank . . . .	£	s.	d.	
		100	-	-			100	-	-	

<i>Dr.</i>		BILLS PAYABLE ACCOUNT						<i>Cr.</i>		
19.. June 4	To Bank . . .	£	s.	d.	19.. Mar. 1	By M . . .	£	s.	d.	
		100	-	-			100	-	-	

<i>Dr.</i>		BANK ACCOUNT						<i>Cr.</i>		
19.. Mar. 1	To Bills Receivable	£	s.	d.	19.. Mar. 1 June 4	By Discount Charges " Bills Payable	£	s.	d.	
		100	-	-			100	-	-	

<i>Dr.</i>		DISCOUNT ACCOUNT					<i>Cr.</i>		
19.. Mar. 1	To Bank . . .	£	s.	d.	19..		£	s.	d.
		1	5	-					

(3)

(A) L's JOURNAL

				£	s.	d.	£	s.	d.
Bills Receivable	.	.	.						
To M	.	.	.						
N	.	.	.						
To Bills Receivable	.	.	.						
M	.	.	.						
To Bank	.	.	.						

EXERCISE VI—No. 12 (*contd.*).

## (B) M's JOURNAL

		£	s.	d.	£	s.	d.
L							
To Bills Payable	Dr.						
	Cr.						
Bills Payable	Dr.						
To L	Cr.						

## (C) N's JOURNAL

		£	s.	d.	£	s.	d.
Bills Receivable	Dr.						
To L	Cr.						
Bank	Dr.						
To Bills Receivable	Cr.						

## EXERCISE VI—No. 13.

## PURCHASES BOOK

		£	s.	d.	£	s.	d.
19..							
Jan. 6	W. Lyons—						
	150 tons Pig Iron @ 43/4 a ton	325	—	—			
	Less 3% Trade Discount	9	15	—			
					315	5	—
	Total of Invoice				£315	5	—

## SALES BOOK

		£	s.	d.
19..				
Jan. 2	James & Co.—			
	20 tons 10 cw. 2 qrs. Steel Bars @ 103/4 a ton	106	—	11

EXERCISE VI—No. 13 (*contd.*).  
Dr.

CASH BOOK

Cr.

		Discount.		Bank.		Discount.		Bank.	
		£	s. d.	£	s. d.			£	s. d.
19..	To J. Tasker . . . .			47 10	-	19..			
Jan. 1	" W. Methley . . . .			39 15	-	Jan. 2	By Carriage . . . .	2	11 4
" 1	" J. Moulton . . . .			43 17	6	" 9	" Rent . . . .	100	-
" 1	" Bal. (Bank Overdraft) c/d.	1	2 6	107 3	-	" 11	" Salaries . . . .	25	-
" 12						" 11	" Wages . . . .	75	-
						" 12	" J. Butler (Dishonoured bill)	35	14 2
				£238 5 6				£238	5 6

EXERCISE VI—No. 13 (*contd.*).

## BILLS RECEIVABLE BOOK

Date.	From Whom Received.	Tenor.	Due Date.	Amount.		
19.. Jan. 7	J. Kitson . . . . . (Bill dated 4th Jan.)	4 mos.	19.. May 7	£ 178	s. 10	d. —

## BILLS PAYABLE BOOK

Date.	To Whom Given.	Tenor.	Due Date.	Amount.		
19.. Jan. 6	W. Lyons . . . . . (Bill dated 1st Jan.)	3 mos.	19.. Apr. 4	£ 315	s. 5	d. —

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Purchases . . . . .	315	5	—			
Bills Receivable . . . . .	178	10	—			
Discount . . . . .	1	2	6			
Carriage . . . . .	2	11	4			
Rent . . . . .	100	—	—			
Salaries . . . . .	25	—	—			
Wages . . . . .	75	—	—			
James & Co. . . . .	106	—	11			
J. Butler . . . . .	35	14	2			
Sales . . . . .				106	—	11
Bills Payable . . . . .				315	5	—
J. Tasker . . . . .				47	10	—
W. Methley . . . . .				39	15	—
J. Moulton . . . . .				45	—	—
J. Kitson . . . . .				178	10	—
Bank (for Overdraft) . . . . .				107	3	—
	£839	3	11	£839	3	11

## EXERCISE VI—No. 14

## JOURNAL OF WILLIAM ASHTON

## OPENING ENTRIES

19..			£	s.	d.	£	s.	d.
Jan. 1	Freehold Works	.	9,127	10	—			
	Fixed Plant	.	7,826	15	—			
	Dry Dock	.	6,284	—	—			
	Loose Plant, etc.	.	2,788	5	6			
	<i>Expenditure on—</i>							
	<i>S.S. Owl</i>	.	7,126	—	—			
	<i>S.S. Hawk</i>	.	4,291	—	—			
	<i>S.S. Sparrow</i>	.	835	—	—			
	Materials	.	4,724	9	6			
	<i>Bills Receivable—</i>							
	Nos. 186	.	£329	6	6			
	" 187	.	546	10	—			
	" 188	.	490	9	6			
						1,366	6	—
	Cash at Bank	.	2,796	8	8			
	Cash in Office	.	120	14	6			
	To Robinson & Co.	.					984	17
	" Jones & Co.	.					1,653	10
	" Brown & Co.	.					848	19
	" Mortgage (P. Piper)	.					8,000	—
	<i>Bills Payable—</i>							
	Nos. 135	.	£640	8	—			
	" 136	.	728	10	—			
	" 137	.	320	17	6			
							1,689	15
	<i>Instalments on—</i>							
	<i>S.S. Owl</i>	.					6,849	—
	<i>S.S. Hawk</i>	.					3,500	—
	Capital Account	.					23,760	7
			£47,286	9	2		47,286	9

## EXERCISE VI—No. 15.

## Dr. V. WHITING'S CASH BOOK

Cr.

1932		£	s.	d.	1933		£	s.	d.
Sept. 3	To R. Sturgeon	1,473	15	3	Jan. 4	By R. Salmon	1,000	—	—

## V. WHITING'S LEDGER

## Dr. R. SALMON

Cr.

1932		£	s.	d.	1932		£	s.	d.
Sept. 1	To Goods	1,500	—	—	Sept. 1	By Bills Receivable	1,500	—	—
1933									
Jan. 4	To Cash	1,000	—	—	Jan. 4	By Bills Receivable	1,020	16	8
" 4	" Interest	20	16	8		(enc. Interest)			
		£1,020	16	8			£1,020	16	8

EXERCISE VI—No. 15 (*contd.*).

<i>Dr.</i>				R. STURGEON				<i>Cr.</i>			
1932 Sept. 3	To Bills Receivable	£	s. d.	1932 Sept. 3	By Cash	£	s. d.	1,473	15	3	
		1,500	- -		" Discount	26	4	9			
		£1,500	- -			£1,500	- -				

<i>Dr.</i>				BILLS RECEIVABLE ACCOUNT				<i>Cr.</i>			
1932 Sept. 1	To R. Salmon	£	s. d.	1932 Sept. 3	By R. Sturgeon	£	s. d.	1,500	-	-	
		1,500	- -								
1934 Jan. 4	To R. Salmon	£	s. d.								
		1,020	16 8								

<i>Dr.</i>				DISCOUNT AND INTEREST ACCOUNT				<i>Cr.</i>			
1932 Sept. 3	To R. Sturgeon	£	s. d.	1933 Jan. 4	By R. Salmon	£	s. d.	20	16	8	
		26	4 9								

<i>Dr.</i>				SALES ACCOUNT				<i>Cr.</i>			
				1932 Sept. 1	By R. Salmon	£	s. d.	1,500	-	-	

## EXERCISE VI—No. 16.

## ROBINSON'S BOOKS

PURCHASES BOOK				SALES BOOK			
19.. Aug. 31	Tuck & Co.— 150 tons Coal @ 7/6 a ton	£	s. d.	19.. Sept. 14	The Sheffield Mfg. Co.— 150 tons Coal @ 12/6 a ton.	£	s. d.
		56	5 -			93	15 -

<i>Dr.</i>				CASH BOOK				<i>Cr.</i>			
19.. Nov. 17	To Sheffield Mfg. Co.	£	s. d.	19.. Aug. 31	By Tuck & Co. Disc't.	£	s. d.	54	16	10	
		93	15 -	" 31	" Carriage . . . . .	9	7 6				
				" 31	(150 tons @ 1/3)	5	12 6				
				Nov. 30	" Cartage . . . . .	23	18 2				
					(150 tons @ 9d.)						
					" Balance c/d . . . . .	£93	15 -				
		£93	15 -								
Nov. 30	To Balance b/d	23	18 2								



EXERCISE VI—No. 16 (*contd.*).

## JOURNAL

		£	s.	d.	£	s.	d.
19..							
Sept. 14	Bills Receivable. . . . . <i>Dr.</i>	93	15	—			
	To Sheffield Manufacturing Co. <i>Cr.</i>				93	15	—
	Bill drawn at 2 mos.						
Nov. 17	Sheffield Manufacturing Co. . . <i>Dr.</i>	93	15	—			
	To Bills Receivable . . . <i>Cr.</i>				93	15	—
	Bill due, dishonoured.						
		£187	10	—	£187	10	—

## LEDGER

<i>Dr.</i>				TUCK & Co.				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.		
Aug. 31	To Cash . . . . .	54	16	10	Aug. 31	By Purchases . . . . .	56	5	—		
" 31	" Discount . . . . .	1	8	2							
		£56	5	—			£56	5	—		

<i>Dr.</i>				SHEFFIELD MANUFACTURING CO.				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.		
Sept. 14	To Sales . . . . .	93	15	—	Sept. 14	By Bills Receivable . . . . .	93	15	—		
Nov. 17	" Bills Receivable . . . . .	93	15	—	Nov. 17	" Cash . . . . .	93	15	—		
		£187	10	—			£187	10	—		

<i>Dr.</i>				BILLS RECEIVABLE ACCOUNT				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.		
Sept. 14	To Sheffield Mfg. Co. . . . .	93	15	—	Nov. 17	By Sheffield Mfg. Co. . . . .	93	15	—		

<i>Dr.</i>				TRADING ACCOUNT				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.		
	To Purchases . . . . .	56	5	—		By Sales . . . . .	93	15	—		
	" Carriage Inwards . . . . .	9	7	6		" Discount on Purchases . . . . .	1	8	2		
	" Cartage Inwards . . . . .	5	12	6							
	" Profit and Loss A/c . . . . .	23	18	2			£95	3	2		
		£95	3	2							

<i>Dr.</i>				PROFIT AND LOSS ACCOUNT				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.		
	To Establishment Exps. (10% of £56/5/-)	5	12	6		By Trading Account . . . . .	23	18	2		
	" Balance, Net Profit . . . . .	18	5	8							
		£23	18	2			£23	18	2		

EXERCISE VI—No. 16. (*contd*)

## FORM OF BILL

No. 33.	DUE DATE 17th November, 19..
	SHEFFIELD.
£93 : 15 : 0.	14th September, 19..
<div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 0 auto;">           STAMP  1/-         </div>	Two months after date pay to me or my order the sum of ninety-three pounds, fifteen shillings, for value received.
To SHEFFIELD MANUFACTURING, Co. SHEFFIELD.	J. ROBINSON.

## EXERCISE VI—No. 17.

A "*Bill of Lading*" is the Captain's receipt for goods on board his ship, and containing his undertaking to deliver (on certain conditions) to the place named in the document, or to the person named therein, or to order.

"*Drawing as against Bills of Lading*" is a term used in connection with the drawing of a bill by a foreign merchant on his English customer, which bill (one of the vias) is placed in the hands of the bankers with whom the foreign merchant has discounted it, before acceptance, surrendering therewith a bill of lading as security for value stated in the bill. The bill of lading is one of the documents which would be attached to the bill of exchange. See also *Advanced Accounts*, page 185 (under "*Documentary Bills*").

## EXERCISE VI—No. 18.

(a)

## INVOICE

EAST STREET,  SHEFFIELD.  4th March, 19..							
THE LOW MOOR IRON CO. BOUGHT of JOHN NIGHTINGALE  Iron Merchant.							
Terms :							
40 tons Scotch Iron @ 45/- a ton . . . . .	<table border="1" style="border-collapse: collapse; margin: 0 auto;"> <tr> <td style="width: 30%; text-align: center;">£</td> <td style="width: 30%; text-align: center;">s.</td> <td style="width: 30%; text-align: center;">d.</td> </tr> <tr> <td style="text-align: center;">90</td> <td style="text-align: center;">-</td> <td style="text-align: center;">-</td> </tr> </table>	£	s.	d.	90	-	-
£	s.	d.					
90	-	-					

EXERCISE VI—No. 18 (*contd.*).

(b)

## STATEMENT

EAST STREET,

SHEFFIELD.

27th July, 19..

THE LOW MOOR IRON CO.

DR. to JOHN NIGHTINGALE

Iron Merchant.

		£	s.	d.	£	s.	d.
Mar. 4	To Goods . . . .				90	—	—
" 10	" Goods . . . .				220	—	—
" 19	" Goods . . . .				168	—	—
					478	—	—
Mar. 30	By Cash . . . .	200	—	—			
Apr. 2	" Bills Receivable .	250	—	—			
					450	—	—
					£28	—	—

(c) AND (d)

No. 73.

DUE DATE 5th July, 19..

£250.

STAMP

3/-

Three months after date, pay to my order the sum of  
Two hundred and fifty pounds, value received.

EAST STREET,  
SHEFFIELD.

2nd April, 19..

To THE LOW MOOR IRON CO.  
WIGAN.

JOHN NIGHTINGALE.

Accepted payable at The Leeds  
Joint Stock Bank, Limited, Leeds.  
propo. The Low Moor Iron Co.  
Rufus Brown Secy.

EXERCISE VI—No. 18 (*contd.*).

(e)

## BILLS RECEIVABLE BOOK

No. of Bill.	Date Drawn.	Name of Acceptor.	Tenor.	Due Date.	Amount.			Remarks.
73	19.. Apr. 2	The Low Moor Iron Co. .	3 mos.	19.. July 5	£ 250	s. —	d. —	

## BOOKS OF LOW MOOR IRON CO.

## BILLS PAYABLE BOOK

No. of Bill.	To Whom Payable.	Tenor.	Due Date.	Fol.	Amount.			Remarks.
73	John Nightingale . .	3 mos.	19.. July 5		£ 250	s. —	d. —	

## LEDGER

*Dr.*

JOHN NIGHTINGALE

*Cr.*

		£	s.	d.			£	s.	d.
19..					19..				
Mar. 20	To Cash . . . .	200	—	—	Mar. 4	By Purchases . .	90	—	—
Apr. 2	„ Bills Payable . .	250	—	—	„ 10	„ Purchases . .	220	—	—
„ 2	„ Balance c/d . .	28	—	—	„ 19	„ Purchases . .	168	—	—
		£478	—	—			£478	—	—
					Apr. 2	By Balance b/d . .	28	—	—

## EXERCISE VI—No. 19.

<i>Dr.</i>		Y'S CASH BOOK				<i>Cr</i>			
1937		£	s.	d.	1938		£	s.	d.
Oct. 1	To X	305	-	-	Mar. 31	By Balance c/d	1,019	1	8
1938									
Jan. 1	To Bills Receivable	600	-	-					
1	X	14	1	8					
		£1,019	1	8			£1,019	1	8
1938									
Mar. 31	To Balance b/d	1,019	1	8					

<i>Dr</i>		X				<i>Cr</i>			
1937		£	s.	d.	1937		£	s.	d.
Oct. 1	To Goods	1,555	-	-	Oct. 1	By Cash	305	-	-
						Bills Receivable	1,250	-	-
1938					1938				
Jan. 1	To Bills Receivable	650	-	-	Jan. 1	By Bills Receivable	650	-	-
1	Interest	14	1	8	1	Cash	14	1	8
		£664	1	8			£664	1	8

<i>Dr</i>		INTEREST ACCOUNT				<i>Cr</i>			
					1938		£	s.	d.
					Jan. 1	By X	14	1	8

<i>Dr</i>		SALES ACCOUNT				<i>Cr.</i>			
1937		£	s.	d.	1937		£	s.	d.
Mar. 31	To Trading Account	1,555	-	-	Oct. 1	By X	1,555	-	-

<i>Dr</i>		BILLS RECEIVABLE ACCOUNT				<i>Cr.</i>			
1937		£	s.	d.	1938		£	s.	d.
Oct. 1	To X	1,250	-	-	Jan. 1	By Cash	600	-	-
					1	X	650	-	-
		£1,250	-	-			£1,250	-	-
1938					1938				
Jan. 1	To X	650	-	-	Mar. 31	By Balance c/d	650	-	-
Mar. 31	To Balance b/d	650	-	-					

Cr.

# EXERCISE VI—No. 21.

See *Advanced Accounts*, pages 3 (under "System of Accounting") to 5 (inclusive).

# EXERCISE VI—No. 22.

See *Advanced Accounts*, page 12 (under "Bank Cash Book"); also pages 290 and 291 for examples of Cash Books. The Petty Cash Book contains an analysis of petty disbursements, examples of which are: carriage, postages, stationery, and packing materials. The Petty Cash Book is subsidiary to the General Cash Book, because it relieves the principal Cash Book of all details re small payments, which items are entered in a total amount at the end of the month.

# EXERCISE VI—No. 23.

*Dr.*

## PETTY CASH BOOK (IMPREST SYSTEM)

*Cr.*

Amount Received.	Date.	Particulars.	Total.		Postages, etc.		Gas Account.		Carriage.		Office Cleaning.	
£ s. d.			£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
£ 20	19.. Jan. 1	To Bank	.	.	.	.	.	.	.	.	.	.
	" 2	By Carriage	.	3 5	.	.	.	.	3 5	—	.	.
	" 2	" Postages, etc.	.	1 17 6	.	.	.	.	.	.	.	.
	" 2	" Gas Account	.	2 14 9	.	.	2 14 9	.	.	.	.	.
	" 2	" Office Cleaning	.	1 17 8	.	.	.	.	.	.	1 17 8	.
		TOTAL EXPENDITURE.	.	£9 14 11	.	£1 17 6	£2 14 9	.	£3 5	—	£1 17 8	.
9 14 11	" 2	To Bank	.	.	.	.	.	.	.	.	.	.
	" 2	By Balance c/d	.	20 — —	.	.	.	.	.	.	.	.
£29 14 11			£29 14 11									

EXERCISE VI—No. 23 (*contd.*).

*Dr.*

BANK CASH BOOK

*Cr.*

Date.	Particulars.	Fol.	Dis- count.	Details.	Bank.	Sales Ledger.	General Ledger.	Date.	Particulars.	Fol.	Dis- count.	Cash.	Bank.	Bought Ledger.	General Ledger.
19.. Jan. 1 " 2	To J. Smith " F. Page		£ s. d. 2 19 —	£ s. d. 147 10 8	£ s. d. 220 16 8	£ s. d. 150 9 8		19.. Jan. 1 " 2 " 2	By W. Jones " Bills " Payable " Wages		£ s. d. 8 —		£ s. d. 255 12 224	£ s. d. 146 7 8 52 6 8	£ s. d. 7 8 52 6 8



## EXERCISE VI—No 24.

## A's LEDGER

Dr.						B						Cr.					
19..						£	s.	d.	19..						£	s.	d.
Jan. 1	To Goods . . .	.	.	.	.	10,000	—	—	Jan. 1	By Bills Receivable . . .	.	.	.	10,000	—	—	
July 5	„ C . . .	.	.	.	.	10,000	5	—	July 5	„ Cash . . .	.	.	.	4,000	—	—	
„ 5	„ Interest . . .	.	.	.	.	100	—	—	„ 5	„ Bills Receivable . . .	.	.	.	2,033	8	4	
									„ 5	„ Bills Receivable . . .	.	.	.	2,033	8	4	
									„ 5	„ Bills Receivable . . .	.	.	.	2,033	8	4	
									„ 5	„ Bills Receivable . . .	.	.	.	2,033	8	4	
						£	20,100	5	—					£	20,100	5	—

<i>Dr.</i>				<i>BILLS RECEIVABLE ACCOUNT</i>				<i>Cr.</i>			
19..				£	s.	d.		19..			
Jan. 1	To B . . .			10,000	—	—		Jan. 4	By C . . .		
July 5	„ B . . .			6,100	5	—					
	(i.e. 3 Bills of £2,033/8/4 each)										

<i>Dr.</i>				<i>C (BANKER)</i>				<i>Cr.</i>			
19..				£	s.	d.		19..			
Jan. 4	To Bills Receivable . . .			10,000	—	—			By Discount Charges . . .		
July 5	„ B . . .			4,000	—	—			„ B . . .		

<i>Dr.</i>				<i>DISCOUNT ACCOUNT</i>				<i>INTEREST ACCOUNT</i>				<i>Cr.</i>			
19..				£	s.	d.		19..				£	s.	d.	
Jan. 4	To C (Bankers) . . .			250	—	—		July 5	By B . . .			100	—	—	

## EXERCISE VI—No. 25.

## JOURNAL OF MESSRS. DODGER &amp; CO.

19..		£	s.	d.	£	s.	d.
Mar. 1	Ibbetson & Co. . . . .	1	17	—			
	To Commission . . . . .				1	2	9
	2% of £57.						
	To Discount . . . . .				14	3	
	5% of £57 for 3 mos.						
" 1	Bills Receivable . . . . .	58	17	—			
	To Ibbetson & Co. . . . .				58	17	—
	Bill drawn @ 3 mos. for total of invoice and charges.						
June 1	Ibbetson & Co. . . . .	58	17	—			
	To Bills Receivable . . . . .				58	17	—
	Bill @ 3 mos. withdrawn.						
" 1	Ibbetson & Co. . . . .	1	2	—			
	To Commission . . . . .				15	6	
	2% of £38/17/-.						
	To Discount . . . . .				6	6	
	5% of £38/17/- for 2 mos.						
" 1	Bills Receivable . . . . .	39	19	—			
	To Ibbetson & Co. . . . .				39	19	—
	Bill drawn @ 2 mos.						
		£160	12	—	£160	12	—

## SALES BOOK

19..		£	s.	d.	£	s.	d.
Mar. 1	Ibbetson & Co.—						
	120 tons best House Coal @ 8/9 . .	52	10	—			
	Wagon Hire (120 tons @ 9d.) . .	4	10	—			
					57	—	—
	Total of Invoice. . . . .				£57	—	—

CASH BOOK  
(DEBIT SIDE)

19..		£	s.	d.
June 1	To Ibbetson & Co. . . . .	20	—	—
Aug. 4	„ Bills Receivable. . . . .	39	19	—



EXERCISE VI—No. 26 (contd.).

Dr. PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 28TH FEBRUARY, 19.. Cr.

	Factory.		Shop.		Total.		Factory.		Shop.		Total.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
To Office Salaries . . . . .	280	—	266	—	546	—	By Trading Accounts . . . . .	—	—	—	—	—
" Office Expenses, etc. . . . .	395	—	—	—	395	—	" Discounts . . . . .	3,725	—	3,000	—	6,725
" Audit Fees (due) . . . . .	—	—	36	—	36	—		282	—	—	—	282
" Law Expenses and Audit Fee . . . . .	41	—	—	—	41	—		—	—	—	—	—
" Rent, Rates, Taxes, Light, and Ins'nce . . . . .	438	—	483	—	921	—		—	—	—	—	—
" Travellers' Commission . . . . .	152	—	—	—	152	—		—	—	—	—	—
" Bad Debts . . . . .	8	—	—	—	8	—		—	—	—	—	—
" Shop Manager's Commission . . . . .	—	—	60	—	60	—		—	—	—	—	—
" (2% of £3,000)	—	—	—	—	—	—		—	—	—	—	—
" Depreciation—	—	—	—	—	—	—		—	—	—	—	—
Fixtures . . . . .	31	—	49	—	80	—		—	—	—	—	—
Balance, Net Profits o/d . . . . .	2,662	—	2,106	—	4,768	—		—	—	—	—	—
	£4,007	—	£3,000	—	£7,007	—		£4,007	—	£3,000	—	£7,007

Dr. GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28TH FEBRUARY, 19.. Cr.

	£		s. d.		£		s. d.		£		s. d.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
To DEPRECIATION: Plant (10% of £3,280)	—	—	—	—	—	—	By Net Profits of—	—	—	—	—	—
" Interest on Capital Accounts—	—	—	—	—	—	—	Factory . . . . .	2,662	—	—	—	—
A. Walters, $\frac{2}{3}$ . . . . .	310	—	—	—	310	—	Shop . . . . .	2,106	—	—	—	—
" J. Smith (5% of £3,500) . . . . .	175	—	—	—	175	—	Bad Debts Reserve, 1st Mar. . . . .	74	—	—	—	—
" Balance, Net Profit to Capital Accounts—	—	—	—	—	—	—	Less New Provision . . . . .	63	—	—	—	—
A. Walters, $\frac{2}{3}$ . . . . .	2,644	—	—	—	2,644	—		—	—	—	—	—
" J. Smith, $\frac{1}{3}$ . . . . .	1,322	—	—	—	1,322	—		—	—	—	—	—
	£4,779	—	—	—	£4,779	—		—	—	—	—	—

MESSRS. WALTERS & SMITH

BALANCE SHEET AS AT 28TH FEBRUARY, 19..

[illegible]

## EXERCISE VI—No. 27.

## MESSRS. WILSON &amp; BOOKMAN

## TRADING ACCOUNT

*Dr.* FOR THE  $\frac{1}{2}$  YEAR ENDED 31ST DECEMBER, 19.. *Cr.*

	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
To Stock, 1st July .				8,968	—	—	By Sales . . . .	35,643	—	—			
" Purchases(includ- ing Govt. Duty).				25,659	—	—	Less Returns						
" Manufg. Wages .				4,097	—	—	Inwards .	278	—	—	35,365	—	—
" Bal., Gross Profit				9,537	—	—	" Stock, 31st Dec.				12,896	—	—
				£48,261	—	—					£48,261	—	—

## MESSRS. WILSON &amp; BOOKMAN

## PROFIT AND LOSS ACCOUNT

*Dr.* FOR THE  $\frac{1}{2}$  YEAR ENDED 31ST DECEMBER, 19.. *Cr.*

	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
To Salaries & Wages				1,100	—	—	By Trading Account						
" Rents, Rates, and							Gross Profit .				9,537	—	—
" Taxes . . . .				562	—	—	" Commission .				564	—	—
" Travelling Exps..				130	—	—							
" Exps. of Licences				58	—	—							
" Insurance, etc. .	40	—	—										
Less Proportion of Prem. prepaid	7	10	—										
" Reps. & Renewals				32	10	—							
" Int. and Disc. .				337	—	—							
" Bad Debts . . .	362	—	—	587	—	—							
Add $\frac{1}{2}$ of Macmil- lan Dishd. Bill .	50	—	—										
" Bad Debts Res. (5% of £8,200— £50) . . . .				412	—	—							
Int. on Cap. A/cs A. Wilson (5% 6 m. £7,250)	181	5	—	307	10	—							
J. Bookman (5% 6 m. £4,685)	117	2	6	298	7	6							
" Bal. — Net Profit to Capital A/cs A. Wilson, $\frac{1}{2}$ sh. J. Bookman $\frac{1}{4}$ sh.	3,138	6	3										
	3,138	6	3	6,276	12	6							
				£10,101	—	—					£10,101	—	—

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Loan				Cash	53		
Sundry Creditors				Bank	1,897		
Capital Accounts—							
A. Wilson.				Bills Receivable.			1,950
Capital, 1st July	7,250	—	—	Sundry Debtors.	6,200	—	950
Add Interest	181	5	—	Less Bad Debts 50			
„ Sh. of Profit	3,138	6	3	Bad Debts			
				Reserve 307½			
Less Drawings	10,569	11	3		357	10	
	640	—	—				5,842
			9,929	11			12,896
J. Bookman:				Stock.			897
Capital, 1st July	4,685	—	—	Fixtures & Fittings.			2,880
Add Interest	117	2	6	Plant & Machinery			
„ Sh. of Profit	3,138	6	3	Proportion of Insurance			7
				Prem. prepaid			10
Less Drawings	7,940	8	9				
	410	—	—				
			7,530				
	£		25,423		£		25,423

## JOURNAL ENTRIES

			£	s.	d.	£	s.	d.
19..								
Jan.	1	Messrs. Ricksmith, Pigg & Co. . . . .	37	10	-			
		To Wagon Hire . . . . .				37	10	-
		For charge of 9d. a ton for wagon hire on 1,000 tons.						
	1	Messrs. Ricksmith, Pigg & Co. . . . .	125	-	-	125	-	-
		To Carriage . . . . .						
		For charge of 2/6 a ton carriage on 1,000 tons						
	1	Screening Account . . . . .	25	-	-	25	-	-
		To Messrs. Ricksmith, Pigg & Co. . . . .						
		For allowance of 6d. per ton for screening.						
	1	Bills Receivable . . . . .	512	10	-	512	10	-
		To Messrs. Ricksmith, Pigg & Co. . . . .						
		For acceptance at 2 mos.						
			£700	-	-	£700	-	-

## EXERCISE VI—No. 28. (contd.)

## SALES BOOK

		£	s.	d.
19..				
Jan. 1	Messrs. Ricksmith, Pigg & Co.— 1,000 tons Coal @ 7/6 a ton . . . . .	375	—	—

## LEDGER

Dr.		MESSRS. RICKSMITH, PIGG & Co.					Cr.		
19..		£	s.	d.	19..		£	s.	d.
Jan. 1	To Sales . . . . .	375	—	—	Jan. 1	By Screening . . . . .	25	—	—
" 1	" Wagon Hire . . . . .	37	10	—	" 1	" Bills Receivable . . . . .	512	10	—
" 1	" Carriage . . . . .	125	—	—					
		£537	10	—			£537	10	—

NOTE.—The above "records" relate to only ONE month.

## EXERCISE VI—No. 29

## P'S LEDGER

Dr.				Q				Cr.			
Jan.	3	To Goods	600	-	-	Jan.	3	By Bills Receivable	600	-	-
May	3	" Bills Receivable	200			May	3	" Cash	50		
	3	" Interest	1	17	6		3	" Bills Receivable	151	17	6
			£801	17	6				£801	17	6

Dr.		BILLS RECEIVABLE ACCOUNT						Cr.	
		£	s.	d.			£	s.	d.
Jan. 3	To Q . . . . .	600	—	—	Jan. 7	By Bank . . . . .	199	5	8
May 3	„ Q . . . . .	151	17	6		„ Discount . . . . .		14	4
					Apr. 3	„ Bank . . . . .	200	—	—
					May 3	„ Q . . . . .	200	—	—
						„ Bank . . . . .	150	5	9
					„ 10	„ Discount . . . . .	1	11	9
		£751	17	6			£751	17	6

Dr.		DISCOUNT AND INTEREST ACCOUNT						Cr.	
		£	s.	d.			£	s.	d.
Jan. 7	To Bills Receivable	14	4		May 3	By Q	1	17	6
May 10	„ Bills Receivable	1	11	9	„ 10	„ Profit and Loss	8	7	
		£2	6	1			£2	6	1

## PROFIT AND LOSS ACCOUNT

May 10	To Discount and Interest Account . . . . .	£	s.	d.					
			8	7					

## EXERCISE VI—No. 30.

See Answers at end of *Advanced Accounts*.



## EXERCISE VII—No. 1.

## R. RANDOM &amp; SONS' JOURNAL

		£	s.	d.	£	s.	d.
19..							
Sept. 1	Consignment Account. . . . .	578	—	—			
	To Goods on Consignment . . . . .				500	—	—
	,, Freight . . . . .				60	—	—
	,, Insurance . . . . .				18	—	—
	For invoice value of goods shipped to Paul Gold, Capetown.						
Oct. 28	Paul Gold . . . . .	460	—	—	460	—	—
	To Consignment Account . . . . .						
	Consignment Account. . . . .	35	—	—	35	—	—
	To Paul Gold . . . . .						
	For expenses £10 and commission £25.						
Oct. 28	Bills Receivable. . . . .	425	—	—	425	—	—
	To Paul Gold . . . . .						
Nov. 2	Paul Gold . . . . .	320	—	—	320	—	—
	To Consignment Account . . . . .						
	Consignment Account. . . . .	18	—	—	18	—	—
	To Paul Gold . . . . .						
	For expenses £8 and commission £10.						
Nov. 2	Bills Receivable. . . . .	302	—	—	302	—	—
	To Paul Gold . . . . .						
		£2,138	—	—	£2,138	—	—

## R. RANDOM'S LEDGER

Dr.				CONSIGNMENT ACCOUNT				Cr.			
19..		£	s.	d.	19..		£	s.	d.		
Sept. 1	To Goods on Consignment . . . . .	500	—	—	Oct. 28	By P. Gold . . . . .	460	—	—		
"	" Freight . . . . .	60	—	—	"	" Goods on Consignment unsold c/d . . . . .	280	—	—		
"	" Insurance . . . . .	18	—	—		(including proportion of expenses)					
Oct. 28	" P. Gold . . . . .	35	—	—							
"	" Balance c/d . . . . .	127	—	—							
	(Profit for period)										
		£740	—	—			£740	—	—		
Oct. 28	To Balance b/d . . . . .	280	—	—	Oct. 28	By Balance b/d . . . . .	127	—	—		
	(unsold Goods)					(Profit on part sale of Goods)					
Nov. 2	" P. Gold . . . . .	18	—	—	Nov. 2	" P. Gold . . . . .	320	—	—		
"	" Balance to Profit and Loss . . . . .	149	—	—							
		£447	—	—			£447	—	—		

EXERCISE VII—No. 1 (*contd.*).

<i>Dr.</i>		PAUL GOLD				<i>Cr.</i>		
19..		£	s.	d.	19..	£	s.	d.
Oct. 28	To Consignment . . .	460	—	—	Oct. 28	By Consignment . . .	35	—
						„ Bills Receivable . .	425	—
		£460	—	—			£460	—
Nov. 2	To Consignment . . .	320	—	—	Nov. 2	By Consignment . . .	18	—
						„ Bills Receivable . .	302	—
		£320	—	—			£320	—

<i>Dr.</i>		BILLS RECEIVABLE ACCOUNT				<i>Cr.</i>	
19..		£	s.	d.			
Oct. 28	To P. Gold . . . . .	425	—	—			
Nov. 2	„ „ . . . . .	302	—	—			

<i>Dr.</i>		FREIGHT AND INSURANCE ACCOUNT				<i>Cr.</i>		
19..				19..				
				Sept. 1	By Consignment . . .	£	s.	d.
						78	—	—

(Note.—Expenses assumed to have not been paid.)

## EXERCISE VII—No. 2.

## DELMAR BROS.' JOURNAL

		£	s.	d.	£	s.	d.
19..							
Oct. 15	Consignment Account. . . . .	1,950	—	—	1,950	—	—
	To Goods on Consignment . . . . .						
	For shipment of 60 cases mixed Sheffield goods at £32 10s. per case to Donnison & Sons, Port Elizabeth.						
Dec. 19	Donnison & Sons . . . . .	2,855	—	—	2,855	—	—
	To Consignment . . . . .						
	For gross proceeds of sale of goods consigned to him as per account sales.						
„ 19	Consignment . . . . .	125	11	6	125	11	6
	To Donnison & Sons . . . . .						
	For expenses and commission as per account sales.						
		£4,930	11	6	£4,930	11	6

An ACCOUNT SALES is a document containing particulars of the Gross proceeds of the consignment sold, together with details of expenses, charges, and commission in connection therewith. The document is prepared by the CONSIGNEE.

**EXERCISE VII—No. 2 (contd.).**

A CONSIGNMENT ACCOUNT is raised in the CONSIGNOR'S Ledger, and contains particulars of—

- (a) Goods sent out on consignment.
- (b) Particulars of their sale by agent.
- (c) Particulars of expenses, charges, and commission in connection with above.

ACCOUNT SALES OF 60 CASES MIXED SHEFFIELD GOODS, sold on account and risk of Messrs. Delmaine Bros., London.

		£	s.	d.	£	s.	d.
19..							
Dec. 15	30 cases Mixed Sheffield Goods @ £45 per case				1,350	—	—
„ 17	25 cases Mixed Sheffield Goods @ £50 per case.				1,250	—	—
„ 19	5 cases Mixed Sheffield Goods @ £51 per case.				255	—	—
					2,855	—	—
	<b>CHARGES.</b>						
	Storage . . . . .	16	12	—			
	Landing Charges . . . . .	6	10	—			
	Insurance . . . . .	2	11	—			
	Commission—2% of £2,855 . . . . .	57	2	—			
	Del credere Commission—1½% of £2,855 . . . . .	42	16	6			
					125	11	6
	<i>Net Proceeds</i> . . . . .				2,729	8	6
	Bill drawn Nov. 1 . . . . .				1,000	—	—
E. & O.E.	Port Elizabeth, 19th December, 19..				£1,729	8	6
	Donnison & Son						

**BILLS RECEIVABLE BOOK**

Date.	No. of Bill.	From whom Received	Term.	Due Date.	Fol.	Discount.	Amount.
						£ s. d.	£ s. d.
19..							
Nov. 1	1	Donnison & Sons.					1,000 — —

**DELMINE BROS.' LEDGER**

Dr.				CONSIGNMENT ACCOUNT				Cr.			
		£	s.	d.			£	s.	d.		
19..					19..						
Oct. 15	To Goods on Consignment . . . . .	1,950	—	—	Dec. 19	By D. Donnison & Sons . . . . .	2,855	—	—		
	"    Cash . . . . .	68	19	—							
Dec. 19	"    D. Donnison . . . . .	125	11	6							
"	"    Balance to Profit and Loss . . . . .	710	9	6							
		<u>£2,855</u>	—	—			<u>£2,855</u>	—	—		

## EXERCISE VII—No. 2 (contd.).

Dr.		D. DONNISON & SONS					Cr.		
19..		£	s.	d.	19..		£	s.	d.
Dec. 19	To Consignment	2,855	-	-	Nov. 1	By Bills Receivable	1,000	-	-
					Dec. 19	" Consignment	125	11	6
					"	" Balance c/d	1,729	8	6
		£2,855	-	-			£2,855	-	-
Dec. 19	To Balance b/d	1,729	8	6					

Dr.		BILLS RECEIVABLE ACCOUNT					Cr.		
19..		£	s.	d.					
Nov. 1	To D. Donnison & Sons.	1,000	-	-					

Dr.		CASH BOOK					Cr.		
					19..		£	s.	d.
					Oct. 15	By Consignment—			
						Insurance	10	12	-
						Freight	54	12	-
						Sundry Chgs.	3	15	-

## EXERCISE VII—No. 3.

## J. MOSS &amp; CO.'s JOURNAL

19..		£	s.	d.	£	s.	d.
	Consignment Account.	1,500	-	-			
	To Goods on Consignment				1,500	-	-
	For goods sent to J. Solomon, Hong Kong.						
	Bills Receivable.	1,300	-	-			
	To J. Solomon				1,300	-	-
	J. Solomon	1,729	-	-			
	To Consignment				1,729	-	-
	For gross proceeds as per account sales.						
	Consignment Account.	71	-	-			
	To J. Solomon				71	-	-
	For expenses and commission as per account sales.						
	Consignment Account.	15	-	-			
	To Bankers' Discount				15	-	-
	For loss on bill discounted.						
		£4,615	-	-	£4,615	-	-

EXERCISE VII—No. 3 (*contd.*).

Dr.		CASH BOOK				Cr.		
		Bank.				Bank.		
19..		£	s.	d.	19..	£	s.	d.
	To Bills Receivable . . .	1,300	—	—		By Consignment A/c—		
	„ J. Solomon (Sght.Dft.)	358	—	—		(Freight, Insur., etc.)	55	—
						„ Bankers' Discount . .	15	—
						„ Balance c/d . . . .	1,588	—
		<u>£1,658</u>	—	—			<u>£1,658</u>	—

J. MOSS & CO.'s LEDGER									
Dr.		CONSIGNMENT ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
	To Goods on C/mnt	1,500	—	—		By J. Solomon . .	1,729	—	—
	„ Cash . . . . .	55	—	—					
	„ Bankers' Disc't. .	15	—	—					
	„ J. Solomon . . . .	71	—	—					
	„ Balance to Profit and Loss . . . . .	88	—	—					
		£1,729	—	—			£1,729	—	—

<i>Dr.</i>		J. SOLOMON			<i>Cr.</i>				
19..	To Consignment	£ 1,729	s. —	d. —	19..	By Bills Receivable	£ 1,300	s. —	d. —
						„ Consignment	71	—	—
						„ Cash . . . .	358	—	—
		<u>£1,729</u>	<u>—</u>	<u>—</u>			<u>£1,729</u>	<u>—</u>	<u>—</u>

Dr.		BILLS RECEIVABLE ACCOUNT				Cr.			
19..	To J. Solomon . .	£ 1,300	s. —	d. —	19..	By Bank. . .	£ 1,300	s. —	d. —

Dr.		BANKERS' DISCOUNT ACCOUNT						Cr.							
19..	To Bank . . . . .	£	15	s.	—	d.	—	19..	By Consignment . .	£	15	s.	—	d.	—

## EXERCISE VII—No. 4.

JOINT VENTURE ACCOUNT  
(AN ACCOUNT OF SPECULATION IN TIMBER  
BY T. TOHM AND F. FRIEDLEY)

Dr.					(AN ACCOUNT OF SPECULATION IN RUBBER BY T. TOHM AND F. FRIEDLEY)					Cr.					
					£	s.	d.						£	s.	d.
19..					687	16	—	19..				£	s.	d.	
Jan. 29	To A. Russphy . . .							Feb. 21	By Cash . . . . .			175	2	5	
" 23	" Loading . . . . .				36	15	6	Mar. 27	" F. Turner . . . .			420	—	—	
" 31	" Freight to London				123	14	5	Apr. 15	" L. Loti . . . . .			1,472	10	6	
Feb. 26	" Cash . . . . .	1,027		—				May 31	" F. Friedley . . .			320	8	—	
Mar. 25	" Shipping Charges								(a partner)						
	and Freight . . .		225	10	11										
May 31	" Int. on Cap. A/cs														
	T. Tohm														
	(136 days) . . .		8	7	8										
	F. Friedley														
	(136 days) . . .		10	4	11										
" 31	" Balance (Profit)														
	to Capital A/cs:														
	T. Tohm:														
	2/3 share . . . .		120	17	2										
	F. Friedley:														
	1/3 share . . . .		147	14	4										
			£2,388	—	11							£2,388	—	11	

<i>Dr.</i>				T. TOHM—NORWAY				<i>Cr.</i>			
		£	s.	d.			£	s.	d.		
19..					19..						
May 20	To Balance c/d . .	579	4	10	Jan. 15	By Cash . . . .	450	—	—		
					May 31	" Interest . . .	8	7	8		
						(for 136 days)					
					" 31	" Share of Profit .	120	17	2		
						(2/3 of £268.11/6)					
		£579	4	10			£579	4	10		
May 31	To Cash . . . . .	£579	4	10	May 31	By Balance b/d . .	£579	4	10		

EXERCISE VII—No. 4 (*contd.*)

<i>Dr.</i>			F. FRIEDLEY—ENGLAND			<i>Cr.</i>		
19..			£	s.	d.	19..		
May 31	To Joint Venture . . . (Timber taken over)		320	8	—	Jan. 15	By Cash . . . .	£ 550 — —
" 31	" Balance c/d . . .		387	11	3	May 31	" Interest . . . . (for 136 days)	10 4 11
						" 31	" Share of Profit . . ( $\frac{11}{10}$ of £238/11.6)	147 14 4
			£707	19	3			£707 19 3
May 31	To Cash . . . .		387	11	3	May 31	By Balance b/d . .	£387 11 3

<i>Dr.</i>			CASH BOOK			<i>Cr.</i>		
19..			£	s.	d.	19..		
Jan. 15	To <i>Capital Accounts</i> T. Tohm . . . .		450	—	—	Jan. 23	By <i>Joint Venture</i> — Loading . . . .	£ 36 15 6
	F. Friedley . . . .		550	—	—	" 31	Freight to London . . . .	123 14 5
Feb. 21	" Joint Venture . . . .		175	2	5	Feb. 26	" Joint Venture . . . .	1,027 — —
May 18	" Bills Receivable . . (L. Loti's acceptance)		1,472	10	6	Mar. 25	" Shipping Charges and Freight . . . .	225 10 11
" 30	" Bills Receivable . . (F. Turner's acceptance)		420	—	—	Apr. 24	" Bills Payable . . . . (Our acceptance to P. Rus- sphy)	687 16 —
						May 31	" Balance c/d . . . .	966 16 1
			£3,067	12	11			£3,067 12 11
May 31	To Balance b/d . . . .		966	16	1	May 31	To <i>Capital Accounts</i> T. Tohm . . . .	579 4 10
							F. Friedley . . . .	387 11 3
			£966	16	1			£966 16 1





EXERCISE VII—No. 5 (*contd.*)

## P. POTTER'S LEDGER

Dr.		CONSIGNMENT ACCOUNT				Cr.			
19..		£	s.	d.	19..		£	s.	d.
July 1	To Goods on C/mnt	3,018	15	-	Sept. 1	By Kettlewell	3,406	2	3
" 1	" Cash	175	15	9					
Oct. 30	" Loss on Exchange	48	19	2					
" 30	" Balance (gain) to Profit & Loss	162	12	4					
		£3,406	2	3			£3,406	2	3

Dr.		K. KETTLEWELL						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
Sept. 1	To Consignment	3,406	2	3	Sept. 1	By Bills Receivable	3,406	2	3	

Dr.		BILLS RECEIVABLE ACCOUNT						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
Sept. 1	To K. Kettlewell	3,406	2	3	Oct. 30	By Cash	3,357	3	1	
					" 30	" Difference in Exchange (Loss)	48	19	2	
		£3,406	2	3			£3,406	2	3	

Dr.		CASH BOOK						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
Oct. 30	To Bills Receivable.	3,357	3	1	July 1	By Consignment (Freight & Chgs.)	175	15	9	

## EXERCISE VII—No. 6.

## B. BAILEY'S LEDGER

Dr.				JOINT VENTURE ACCOUNT				Cr.			
19..		£	s.	d.	19..		£	s.	d.		
May 2	To Goods on Joint A/c . .	2,000	-	-	July 31	By L. Phipps . . . . .	4,896	18	2		
" 2	" Stock . . . . .	750	-	-		(Gross proceeds)					
" 2	" Expenses of Purchase (2% of £2,000) . . . . .	40	-	-							
July 31	" Expenses of Sale (3% of £4,896/18/2) . . . . .	146	18	2							
" 31	" L. Phipps (1/7 of £1,960) . . . . .	691	15	4							
" 31	" Balance to Profit and Loss . . . . .	1,268	4	8							
		<u>£4,896</u>	<u>18</u>	<u>2</u>			<u>£4,896</u>	<u>18</u>	<u>2</u>		

Note. £4,750 =  $\frac{97}{100}$  of Sale Price of Goods. Hence, to arrive at Gross Proceeds, £4,750 must be multiplied by  $\frac{100}{97}$ .

**EXERCISE VII - No. 7.**

S.S. "QUEENIE"

NET REVENUE ACCOUNT

Dr.		NET REVENUE ACCOUNT				Cr.		
		£	s.	d.		£	s.	d.
To Revenue Account, No. 5	.	986	11	10	By Revenue Account, No. 1	1,763	10	8
" Revenue Account, No. 8	.	554	5	6	" Revenue Account, No. 2	1,942	16	7
" Balance	.	15,406	13	4	" Revenue Account, No. 3	2,146	3	10
" (distributable profit)	.				" Revenue Account, No. 4	3,790	14	4
					" Revenue Account, No. 6	5,018	18	8
					" Revenue Account, No. 7	2,343	6	
		£16,947	10	8		£16,947	10	8

*Note.*—Each owner of part of ship will receive  $\frac{1}{4}$  of £15,403 $\frac{3}{4}$ , that is, £3,850 $\frac{3}{4}$ , that is, £240/14/7.

EXERCISE VII—No. 8.

Dr.

S.S. "PETRELLE"

VOYAGE ACCOUNT

Cr.

	Dr.		Cr.		By Freight—		£		£		s. d.		s. d.	
	£	s. d.	£	s. d.	K to L	L to M	M to N	N to O	Shipping Fees Received	" Sale of Old Stores	£	s. d.	£	s. d.
To Port Expenses at K—														
Port Charges and Disbursements	752	10 11												
Cash to Captain	42	—												
Advances to Crew	68	13 4												
Port Expenses at L—			863	4 3										
Port Charges and Disbursements	1,275	15 6												
Freight Expenses	47	2 5												
General Average Charges	896	3 8												
Tobacco	7	2 6												
Port Expenses at M—			2,226	4 1										
Cash to Captain	110	2 7												
Port Charges and Disbursements	375	19 9												
Claims on Cargo	92	1 10												
Advances to Crew	45	—												
Port Expenses at N—			623	4 2										
Port Charges and Disbursements	37	15 4												
Cash to Captain	25	14 4												
Sundry Stores	11	3 9												
Port Expenses at O—			74	13 5										
Port Charges and Disbursements	298	18 8												
Advances to Crew	25	—												
Tobacco	3	11 7												
Total Port Expenses			327	10 3										
Outfit and Provisions			4,114	16 2										
Wages (less Forfeited Wages)			735	18 5										
Insurance Premiums			1,867	16 4										
Freight and Disbursements	1,956	12 2												
Protection Insurance	156	13 9												
Extra Insurance at N—	15	15												
Commissions—			2,129	— 11										
Charterer's	786	17 3												
Management (2% of £13,247/9/8)	264	19 —												
Brokerage			1,051	16 3										
Profit on Voyage			72	5 6										
			3,248	4 4										
			13,279	14 11										
			£										£	
													13,279	14 11

EXERCISE VII—No. 9.

This is as Example on pages 235 and 236 of *Advanced Accounts*, except that it uses double the figures employed in the Example.



LINKLEY STEAM NAVIGATION CO.

Ex.

NET REVENUE ACCOUNT											
<i>Dr.</i>						<i>Cr.</i>					
	£		<i>s.</i>	<i>d.</i>	£	By Revenue Account		<i>s.</i>	<i>d.</i>		
To Underwriting Account (5% of £26,217/7/9)	.	.	1,310	17	5			26,217	7	9	
" Management Commission	.	.	1,245	6	6						
" (5% of £24,906/10/4)	.	.	23,681	3	10						
" Balance to Balance Sheet	.	.									
			£	26,217	7	9		£	26,217	7	9

## LINKLEY STEAM NAVIGATION CO.—(contd.)

BALANCE SHEET AS AT 31ST MAY, 19..

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Proprietors' Capital . . . . .				Steamers . . . . .	150,000	—	8
Bank Overdraft—A. & M. Bank Co. . . . .				Debtors . . . . .	2,516	14	9
Bills Payable . . . . .				Bills Receivable . . . . .	2,465	18	9
Mortgage . . . . .					7,000	—	—
Sundry Creditors . . . . .					4,323	17	7
Underwriting Account . . . . .	2,500	—	—				
Add Transfer from Net Revenue A/c . . . . .	1,310	17	5				
Management Commission Outstanding . . . . .					3,810	17	5
Freight Reserve (uncompleted Voyages) . . . . .					1,245	6	6
Net Revenue Account (Balance) . . . . .					3,146	10	2
					23,661	3	10
				£198,167	8	11	—

## EXERCISE VII—No. 12.

Dr.		THE HANSARD ESTATE ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
July 1	To Balance . . .	3,175	6	2	Aug. 20	By Sundry Debtors.	£ 730	16	3
Aug. 2	" Insurance . . .	165	6	6	Sept. 25	" " " .	625	2	-
" 2	" Commission . . .	8	10	-					
" 2	" Insurance . . .	31	3	-					
" 2	" Commission . . .	3	-	-					
" 18	" J. Gray . . .	173	15	-					
" 23	" Smith . . .	42	14	-					
Sept. 20	" Goods . . .	537	6	2					
		£4,137	-	10			£1,355	18	3

Dr.		J. & W. SHIRLEY					Cr.		
19..		£	s.	d.	19..		£	s.	d.
Aug. 17	To Bills Payable .	220	14	—	Sept. 20	By Balance c/d .	950	15	—
" 17	" " " .	170	—	—					
Sept. 10	" " " .	120	—	—					
" 20	" Goods " .	440	1	—					
		<u>£950</u>	15	—			<u>£950</u>	15	—
Sept. 20	To Balance b/d .	950	15	—					

## EXERCISE VII—No. 13.

## BALANCE SHEET

LIABILITIES.			ASSETS.		
	£	s. d.		£	s. d.
Sundry Creditors . . .	6,000	- -	Cash . . . . .	18,700	- -
Capital Accounts—			Bills Receivable. . .	7,800	- -
W. James . . . . .	2,050	- -			
F. Edwards . . . . .	4,100	- -			
Morrison & Co. . . . .	8,200	- -			
Peters & Son . . . . .	6,150	- -			
	£26,500	- -		£26,500	- -

EXERCISE VII—No. 13 (*contd.*).

## JOURNAL ENTRIES

19..		£	s.	d.	£	s.	d.
	S.S. <i>Enid</i> . . . . .	20,000	—	—			
	To Capital Accounts—						
	W. James . . . . .				2,000	—	—
	F. Edwards . . . . .				4,000	—	—
	Morrison & Co. . . . .				8,000	—	—
	Peters & Son . . . . .				6,000	—	—
	TENTHS						
	Cargo Account . . . . .	6,000	—	—			
	To Sundry Creditors . . . . .				6,000	—	—
	Voyage Account . . . . .	7,400	—	—			
	To Cargo . . . . .				6,000	—	—
	" Cash . . . . .				400	—	—
	(Insurances on—						
	Cargo, 1% of £7,000 . . . . .	£ 70					
	S.S. <i>Enid</i> , 1½% of £22,000 . . . . .	330					
	" S.S. <i>Enid</i> . . . . .				1,000	—	—
	Cargo (Net Proceeds of Sale thereof) . . . . .	7,000	—	—			
	Cash (Freight Outwards) . . . . .	100	—	—			
	" (    " Homewards) . . . . .	800	—	—			
	To Voyage Account . . . . .				7,900	—	—
	Cash . . . . .	19,000	—	—			
	Voyage Account . . . . .	1,000	—	—			
	To S.S. <i>Enid</i> . . . . .				20,000	—	—
	Sundry Debtors . . . . .	7,800	—	—			
	To Cargo Account . . . . .				7,000	—	—
	" Freights Earned (Homewards) . . . . .				800	—	—
	Bills Receivable . . . . .	7,800	—	—			
	To Sundry Debtors . . . . .				7,800	—	—
	Voyage Account . . . . .	500	—	—			
	To Capital Accounts—						
	W. James . . . . .				50	—	—
	F. Edwards . . . . .				100	—	—
	Morrison & Co. . . . .				200	—	—
	Peters & Son . . . . .				150	—	—
	TENTHS						
	£ 77,400 . . . . .		—	—	77,400	—	—



## Dr.

# CONSIGNMENT ACCOUNT

८.

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## EXERCISE VII—No. 15.

## CONSIGNORS' JOURNAL

19..		£	s.	d.	£	s.	d.
Jan. 1	Consignment . . . . .	235	3	—	235	3	—
	To Goods on Consignment . . . . .						
	For 8 cases (various) shipped per S.S. <i>Ballarat</i> detailed in invoice bearing above date and sent to Messrs. Ardkashir & Byjamji, of Bombay.						
Mar. 13	Ardkashir & Byjamji . . . . .	329	—	—	329	—	—
	To Consignment . . . . .						
	For amount of sales of consignment as per Account Sales.						
„ 13	Consignment Account. . . . .	34	5	8	34	5	8
	To Messrs. Ardkashir & Byjamji . . . . .						
	For expenses and commission stated in Account Sales.						
		£598	8	8	£598	8	8

## CONSIGNEE'S JOURNAL

19..		Rs.	A.	P.	Rs.	A.	P.
Mar. 13	Messrs. Faudel, Phillips & Sons . . . . .	246	12	—	246	12	—
	To Commission . . . . .						
	5% of Rs. 4,935.						
		Rs.246	12	—	Rs.246	12	—

## MESSRS. FAUDEL, PHILLIPS &amp; SONS

Dr.

## CASH BOOK

Cr.

19..		£	s.	d.	19..		£	s.	d.
Mar. 13	To Ardkashir & Byjamji . . . . .	294	14	4	Jan. 1	By Consignment—			
						8 Packing Cases . . . . .	2	15	—
						Cartage and Shipping . . . . .	1	—	—
						Marine Insurance . . . . .	2	10	—
						Freight . . . . .	13	10	11

For particulars, see Invoice, page 241 of textbook.

EXERCISE VII—No. 15 (*contd.*).

## LEDGER

<i>Dr.</i>			CONSIGNMENT ACCOUNT			<i>Cr.</i>		
19..		£	s.	d.	19..	£	s.	d.
Jan. 1	To Goods on C/ment.	235	3	—	Mar. 13	By Ardkashir & Byjamji	329	—
" 1	" Cash	19	15	11				
Mar. 13	" Ardkashir & Byjamji	34	5	8				
" 13	" Bal. to Profit and Loss	39	15	5				
		£329	—	—		£329	—	—

## MESSRS. ARDKASHIR &amp; BYJAMJI

<i>Dr.</i>			CASH BOOK			<i>Cr.</i>		
19..		Rs.	A.	P.	19..	Rs.	A.	P.
Mar. 13	To Sales . . . . .	4,935	—	—	Mar. 13	By Messrs. Faudel, Phillips & Son— (For expenses as below)		
						Landing, Haulage, etc.	18	—
						Duty, etc.—5%	246	12
						Bank Brokerage, 1% .	2	12
						By Faudel, Phillips & Son	4,420	12

## EXERCISE VII—No. 16.

## FORM OF ACCOUNT SALES

ACCOUNT SALES of 400 tons Iron ex S.S. *Dilwara* sold by B. Ready of Capetown, for the account and risk of W. Smith, London.

400 tons, Iron @ £4/10/- per ton . . . . .	£	s.	d.	£	s.	d.
				1,800	—	—
<i>Charges.</i>						
Disbursements . . . . .	20	16	8			
Commission—2½% of £1,800 . . . . .	45	—	—			
				65	16	8
				£		
				1,734	3	4
E. & O.E. CAPETOWN, 20th February, 19..						
B. READY.						
Draft forwarded for £1,734/3/4.						

EXERCISE VII—No. 16 (*contd.*).

## FORM OF DRAFT (BANKER'S)

07812

THE BANK OF SOUTH AFRICA

L 27/8731

CAPETOWN, 20th February, 19..

To the CASHIERS of the BANK OF ENGLAND

On demand pay this FIRST of Exchange, second unpaid, to the order of W. Smith, One Thousand seven hundred and thirty-four pounds three shillings and fourpence Sterling, for value received.

For the BANK OF  
SOUTH AFRICA

STAMP  
2D.

£1,734 : 3 : 4

.....Manager.

.....Accountant.

## W. SMITH'S LEDGER

Dr.				Cr.			
CONSIGNMENT ACCOUNT							
19..		£	s. d.	19..		£	s. d.
Jan. 1	To 500 tons Iron @ £4 a ton	2,000	- -	Feb. 20	By B. Ready (400 tons). (Iron @ £4½ a ton)	1,800	- -
" 1	" B. Ready (charges)	20	16 8	" 20	" 100 tons Iron @ £4 a ton	400	- -
Feb. 20	" B. Ready (2½% of £1,800)	45	- -				
" 20	" Bal. to Profit and Loss	134	3 4				
		£2,200	- -			£2,200	- -

Dr.				Cr.			
B. READY							
19..		£	s. d.	19..		£	s. d.
Feb. 20	To Consignment	1,800	- -	Feb. 20	By Consignment (charges)	20	16 8
				" 20	By Consignment (Commission)	45	- -
				" 20	" Balance c/d	1,734	3 4
		£1,800	- -			£1,800	- -
Feb. 20	To Balance b/d	£1,734	3 4	Feb. 20	By Cash	£1,734	3 4

## EXERCISE VII—No. 17.

## JOURNAL ENTRIES

		£	s.	d.	£	s.	d.
19..							
Dec. 20	Joint Account . . . . .	299	1	—	299	1	—
	To W. A. Sims . . . . .						
	For 159 cases of shells shipped by						
	W. A. Sims per S.S. <i>Ajax</i> for sale of						
	Joint Account.						
19..							
Feb. 4	W. A. Sims . . . . .	299	1	—	299	1	—
	To Bills Payable . . . . .						
	For bill accepted (No. 319) presented						
	by Chartered Bank.						
Mar. 10	Watts & Co. . . . .	366	8	—	366	8	—
	To Joint Account . . . . .						
	For sale of shells by Watts & Co. at						
	auction.						
.. 10	Joint Account . . . . .	9	3	2	9	3	2
	To Watts & Co. . . . .						
	For commission charged by Watts & Co.						
.. 26	Joint Account . . . . .	9	16	1	9	16	1
	To Commission . . . . .						
.. 26	W. A. Sims . . . . .	5	3	7	5	3	7
	To Joint Account . . . . .						
	For transfer of share of loss on venture.						
		£988	12	10	£988	12	10

## MESSRS. BURT &amp; CO.'S LEDGER

Dr.

## JOINT ACCOUNT

Cr.

		£	s.	d.		£	s.	d.
19..					19..			
Dec. 20	To W. A. Sims . . . . .	299	1	—	Mar. 10	By Watts & Co. . . . .	366	8
19..					.. 20	.. Cash . . . . .	35	—
Feb. 4	.. Cash . . . . .	93	7	6	.. 26	.. W. A. Sims . . . . .	5	3
Mar. 24	.. Watts & Co. . . . .	9	3	2		.. Bal. to Profit and Loss	5	3
.. 24	.. Cash . . . . .		7	6				
.. 26	.. Commission . . . . .		9	16				
		£411	15	3			£411	15

EXERCISE VII—No. 17 (*contd.*).

## MESSRS. BURTON &amp; CO.

Dr.		CASH BOOK				Cr.	
		Bank.				Bank.	
		£	s. d.			£	s. d.
19..				19..			
Mar. 17	To Watts & Co. . . .	357	4 10	Feb. 4	By Joint A/c (Freight) .	93	7 6
" 20	" Joint Account . .	35	—	Mar. 1	" Bills Payable* . . .	297	11 2
				" 24	" Cartage (charged against Joint A/c).		7 6
	* Rebate on Bill £1/9/10.						

*Note.*—The rebate could be regarded as a gain to Joint Venture, as its negotiation was on account of venture.

## EXERCISE VII—No. 18.

Dr.		CASH BOOK				Cr.	
		£	s. d.			£	s. d.
19..				19..			
May 1	To J. Black's Capital .	1,400	—	May 1	By Joint Account—		
" 1	" E. Thompson's " .	1,000	—		(total amount remitted to agent for purchases of timber)	1,900	—
Dec. 31	" Joint Account } <sub>A</sub>	2,400	—	" 1	" Joint Account—		
" 31	" " " }	380	—		(Freight, Insurance, etc.) . . . . .	400	—
				Dec. 31	" Capital Accounts—		
					Black . . . . .	1,400	—
					Thompson . . . .	1,000	—
				" 31	" Capital Accounts—		
					Black, $\frac{7}{12}$ . . . .	280	—
					Thompson, $\frac{5}{12}$ . .	200	—
A. Sale	s of timber.	£5,180	—			£5,180	—

Dr.		JOINT ACCOUNT				Cr.	
		£	s. d.			£	s. d.
19..				19..			
May 1	To Cash . . . . .	1,900	—	Dec. 31	By Cash . . . . .	2,400	—
" 1	" " " " . . . .	400	—	" 31	" " " " . . . .	380	—
Dec. 31	" Bal. (Profit) to Cap. A/cs—						
	Black, $\frac{7}{12}$ share	280	—				
	Thompson, $\frac{5}{12}$ "	200	—				
		£2,780	—			£2,780	—

Dr.		CAPITAL ACCOUNT				Cr.	
		JOHN BLACK					
		£	s. d.			£	s. d.
19..				19..			
Dec. 31	To Cash . . . . .	1,400	—	May 1	By Cash . . . . .	1,400	—
" 31	" " " " . . . .	280	—	Dec. 31	" Joint Account . .	280	—
					(share of profit on venture)		
		£1,680	—			£1,680	—

EXERCISE VII—No. 18 (*contd.*).

CAPITAL ACCOUNT															
Dr.					EDWARD THOMPSON					Cr.					
19..					£	s.	d.	19..					£	s.	d.
Dec. 31	To Cash	:	:	:	1,000	—	—	May 1	By Cash	:	:	:	1,000	—	—
" 31	" "	:	:	:	200	—	—	Dec. 31	" Joint Account	:	:	:	200	—	—
									(share of profit on venture)						
					£1,200	—	—						£1,200	—	—

## EXERCISE VII—No. 19.

J. M.S' BOOKS  
JOURNAL

		£	s.	d.		£	s.	d.
Consignment . . . . .	<i>Dr.</i>	1,200	—	—	To Goods on Consignment . . . . .	<i>Cr.</i>	1,200	—
Bills Receivable . . . . .	<i>Dr.</i>	1,000	—	—	To L. R. . . . .	<i>Cr.</i>	1,000	—
L. R. . . . .	<i>Dr.</i>	1,700	—	—	To Consignment . . . . .	<i>Cr.</i>	1,700	—
Consignment . . . . .	<i>Dr.</i>	85	—	—	To L. R. . . . .	<i>Cr.</i>	85	—
		£3,985	—	—			£3,985	—

CASH BOOK  
(Credit Side)

	£	s.	d.
By Consignment (Expenses) . . . . .	£50	—	—

## LEDGER

CONSIGNMENT ACCOUNT									
<i>Dr.</i>					<i>Cr.</i>				
To Goods on Consignment	£	s.	d.		By L. R. . . . .	£	s.	d.	
to L. R. . . . .	1,200	—	—			1,700	—	—	
" Cash (Charges) . . . . .	50	—	—						
" L. R.'s Expenses and	85	—	—						
Commission . . . . .	365	—	—						
" Balance, profit . . . . .	£1,700	—	—			£1,700	—	—	

EXERCISE VII—No. 19 (*contd.*).

<i>Dr.</i>	<i>L. R.</i>				<i>Cr.</i>		
	£	s.	d.		£	s.	d.
To Consignment . . .	1,700	—	—	By Bills Receivable . . .	1,000	—	—
				„ Consignment . . .	85	—	—
				„ Balance c/d . . .	615	—	—
	<u>£1,700</u>	<u>—</u>	<u>—</u>		<u>£1,700</u>	<u>—</u>	<u>—</u>
To Balance b/d . . .	615	—	—				

## L. R's. BOOKS

## JOURNAL

J. M.	£	s.	d.	J. M.	£	s.	d.
To Bills Payable . . .	1,000	—	—	To Bills Payable . . .	1,000	—	—
Sundry Debtors . . .	1,700	—	—	To J. M. . . . .	1,700	—	—
To J. M. . . . .	85	—	—	J. M.	85	—	—
To Commission . . .				To Commission . . .	85	—	—
	£2,785	—	—		£2,785	—	—

## LEDGER

Dr.	J. M.				Cr.		
To Commission . . .	£	s.	d.	By Sundry Debtors . . .	£	s.	d.
" Bills Payable . . .	85	—	—		1,700	—	—
" Balance c/d . . .	1,000	—	—				
	615	—	—				
	<u>£1,700</u>	<u>—</u>	<u>—</u>	By Balance b/d . . .	<u>£615</u>	<u>—</u>	<u>—</u>



## EXERCISE VII—No. 20.

ACCOUNT SALES OF GOODS SOLD BY MR. J. ROWLAND, DURBAN,  
S.A., FOR THE ACCOUNT AND RISK OF MESSRS. ROBT. PRENTICE & CO.,  
LTD.

	£	s.	d.	£	s.	d.
Sales				576	4	6
Value realized by Compensation under Surveyor's Certificate				10	16	3
				£587	-	9
<i>Charges, etc.</i>						
Wharf Charges	4	7	8			
Duty on £945 16s. 6d. @ 22½%	212	16	2			
Commission on £587 0s. 9d. @ 7½%	44	0	6			
				261	4	4
				£325	16	5

E. & O.E.

Sight Draft for £325 16s. 5d. herewith.

Durban, S.A.

June 30th, 19..

## LEDGER

Dr.

MESSRS. ROBT. PRENTICE & Co., LTD.

Cr.

19..		£	s.	d.	19..		£	s.	d.
May	To Wharf Charges	4	7	8	May 16	By Cash	50	-	-
June 30	" Duty	212	16	2	" 31	" R. Edwards	242	12	9
" 30	" Commission	44	-	6	June 9	" K. Lane	194	16	5
" 30	" Bills Payable	325	16	5	" 24	" D. Carden	88	15	4
					" 24	" Compensation	10	16	3
		£587	-	9			£587	-	9

## EXERCISE VII—No. 21.

The credit balance of the Debenture Redemption Fund Account of £41,645 should be transferred to a "Capital Reserve" and will be available for distribution as profit.

## EXERCISE VII—No. 22.

<i>Dr.</i>				CAPITAL ACCOUNT				<i>Cr.</i>			
19..		£	s. d.	19..		£	s. d.				
Jan.-Dec.	To Cash . . .	1,500	- -	Dec. 31	By Balance . . .	2,206	14 10				
Dec. 31	„ Balance c/d . .	1,896	14 10	19..							
				Dec. 31	„ Profit and Loss . .	1,190	- -				
		£3,396	14 10			£3,396	14 10				
				19..							
				Dec. 31	By Balance b/d . .	1,896	14 10				

<i>Dr.</i>				WOOL, ETC., ACCOUNT				<i>Cr.</i>			
19..		£	s. d.	19..		£	s. d.				
Dec. 31	To Balance . . .	45,200	- -	Jan.-Dec.	By Cash . . . of	50,000	- -				
19..					(Proceeds						
Dec. 31	„ Interest on Advances . .	950	- -		year's Sales)						
31	„ Profit and Loss . .	3,850	- -								
		£50,000	- -			£50,000	- -				

<i>Dr.</i>				ADVANCES ON WOOL, ETC., ACCOUNT				<i>Cr.</i>			
19..		£	s. d.	19..		£	s. d.				
Jan.-Dec.	To Cash . . .	39,000	- -	Dec. 31	By Balance . . .	39,000	- -				
19..	(Loan repaid)			19..							
Dec. 31	„ Cash (Interest) . .	950	- -	Dec. 31	„ Wool, etc., Account .	950	- -				
					(Interest due)						
		£39,950	- -			£39,950	- -				

<i>Dr.</i>				EXPORT TRADE ACCOUNT				<i>Cr.</i>			
19..		£	s. d.	19..		£	s. d.				
Jan.-Dec.	To Sundry Creditors . .	24,000	- -	Jan.-Dec.	By Export Agents . .	22,500	- -				
	(Goods purchsd.)				„ Goods (unsold) c/d	5,700	- -				
„	„ Cash (Freight) . .	2,760	- -								
„	„ Cash (Insurance) . .	250	- -								
„	„ Profit and Loss . .	1,190	- -								
		£28,200	- -			£28,200	- -				
Dec. 31	To Balance b/d . .	5,700	- -								
	(unsold Stock)										

<i>Dr.</i>				EXPORT AGENTS				<i>Cr.</i>			
19..		£	s. d.	19..		£	s. d.				
Jan.-Dec.	To Export Trade A/c . .	22,500	- -	Jan.-Dec.	By Bills Receivable . .	21,000	- -				
				Dec. 31	„ Balance c/d . .	1,500	- -				
		£22,500	- -			£22,500	- -				
Dec. 31	To Balance b/d . .	1,500	- -								



EXERCISE VII—No. 22 (*contd.*).

<i>Dr.</i>		BILLS PAYABLE ACCOUNT				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.
Jan.-Dec.	To Cash . . .	24,000	—	—	Dec. 31	By Balance . . .	7,500	—	—
Dec. 31	„ Balance c/d . .	3,500	—	—	19..				
					Jan.-Dec.	„ Sundry Creditors .	20,000	—	—
		£	27,500	—			£	27,500	—
					Dec. 31	By Balance b/d . .	3,500	—	—

OFFICE EXPENSES, SALARIES, AND RENT ACCOUNT										
Dr.					Cr.					
19..			£	s.	d.	19..		£	s.	d.
Jan.-Dec.	To Cash		2,350			Dec. 31	By Profit and Loss	2,350		

<i>Dr.</i>		INTEREST ACCOUNT				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.
Jan.-Dec.	To Discounting Bills of Exchange	450	—	—	Dec. 31	By Profit and Loss A/c .	450	—	—
		<u>450</u>	<u>—</u>	<u>—</u>			<u>450</u>	<u>—</u>	<u>—</u>

<i>Dr.</i>		CASH BOOK						<i>Cr.</i>			
		(BANK COLUMN)									
		£	s.	d.				£	s.	d.	
19..					19..						
Dec. 31	To Balance	1,756	14	10	Jan.-Dec.	By Export Trade A/c:					
19..						Freight	£2,760				
Jan.-Dec.	„ Bills Receivable	7,500	—	—		Insurance	250				
„	„ Bills Receivable (Discounted)	15,000	—	—				3,010	—	—	
„	„ Wool, etc., A/c	50,000	—	—	„	„ Sundry Creditors		1,500	—	—	
„	„ Consignment A/c (Australian)	9,350	—	—	„	„ Bills Payable		24,000	—	—	
					„	„ Interest Charged by Bankers for Discounting Bills		450	—	—	
					„	„ Advances on Wool etc., A/c		39,000	—	—	
					„	„ Do. (Interest)		950	—	—	
					„	„ Bank of Australia (including Int.)		8,400	—	—	
					„	„ Office Exps., etc.		2,350	—	—	
					„	„ Drawings		1,500	—	—	
					Dec. 31	„ Balance c/d		2,446	14	10	
		£	83,606	14 10			£	84,606	14 10		
Dec. 21	To Balance c/d	2,446	14	—							

EXERCISE VII—No. 22 (*contd.*).

Dr.		TRIAL BALANCE				Cr.		
		£	s.	d.		£	s.	d.
Export Trade	.	4,510	—	—	Capital	.	796	14 10
Export Agents	.	1,500	—	—	Wool, etc.	.	3,850	—
Consignment (Australia)	.	1,050	—	—	Sundry Creditors	.	6,000	—
Interest	.	450	—	—	Bills Payable	.	3,500	—
Bills Receivable	.	1,750	—	—				
Office Expenses, etc.	.	2,350	—	—				
Cash at Bank	.	2,446	14	10				
	£	14,056	14	10		£	14,056	14 10

PROFIT AND LOSS ACCOUNT									
Dr.				FOR THE YEAR ENDED 31ST DECEMBER, 19..				Cr.	
		£	s.	d.			£	s.	d.
To Expenses, etc. . .	2,350	—	—		By Wool, etc. . .	3,850	—	—	
„ Interest Account . .	450	—	—		„ Export Trade . .	1,190	—	—	
„ Consm't (Australia) .	1,050	—	—						
„ Capital Account . .	1,190	—	—						
	<u>£5,040</u>	—	—			<u>£5,040</u>	—	—	

## BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Bills Payable . . .		3,500	—	—	Bills Receivable . . .		1,750	—	—
Sundry Creditors . . .		6,000	—	—	Export Agents . . .		1,500	—	—
Capital . . .		1,896	14	10	Export Trade . . .		5,700	—	—
					(Stock unsold)				
					Cash at Bank . . .		2,446	14	10
	£	11,396	14	10		£	11,396	14	10

EXERCISE VII—No. 23.

GEORGE HARGREAVES

*Dr.* GRAVEL PIT WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. *Cr.*

	<i>£</i>	<i>s.</i>	<i>d.</i>		<i>£</i>	<i>s.</i>	<i>d.</i>
To Rent (1 year)	10	—	—				
" Wages	247	—	—	By Sales of Gravel	196	—	—
" Coal and Coke	20	5	5	(1,568 Loads @ 2/6 per load)			
" Implements	43	15	6	" Gravel used on Contract	230	8	—
" Sundries	11	11	1	(2,304 Loads @ 2/- per load)			
" Carting 2,304 Loads @ 4½d. a load	43	4	—				
" Proportion of Equipment (24th of £552)	23	—	—				
" Interest Charged on Equipment	27	12	—				
(5% of £552)							
	<i>£</i> 426	8	—		<i>£</i> 426	8	—

## EXERCISE VII—No. 24.

## RHODES' JOURNAL

19..		£	s.	d.	£	s.	d.
	John James . . . . .	339	18	—			
	To Sales . . . . .				339	18	—
	Value of invoice £367½, less 7½% (£27/11/3).						
	John James . . . . .	3	8	—			
	To Discount . . . . .				1	14	—
	4% of £169/19/4 for 3 mos.						
	To Commission . . . . .				1	14	—
	1% of £169/19/4.						
	Bills Receivable . . . . .	173	7	4			
	To John James . . . . .				173	7	4
	Bill drawn at 3 mos.						
	John James . . . . .	173	7	4			
	To Bills Receivable . . . . .				173	7	4
	Withdrawal of original bill.						
	John James . . . . .	3	14	—			
	To Discount . . . . .				1	17	—
	6% of £123/17/4 for 3 mos.						
	To Commission . . . . .				1	17	—
	30/-% of £123/17/4.						
	Bills Receivable . . . . .	127	1	4			
	To John James . . . . .				127	1	4
	For bill drawn @ 3 mos.						
		£820	16	—	£820	16	—

## RHODES' CASH BOOK

(DEBIT SIDE)

19..		£	s.	d.
	To John James . . . . .	169	19	5
	„ John James . . . . .	50	—	—

## LEDGER

JOHN JAMES

Dr.		JOHN JAMES					Cr.		
19..		£	s.	d.	19..		£	s.	d.
	To Sales . . . . .	339	18	9		By Cash . . . . .	169	19	5
	„ Discount . . . . .	1	14	—		„ Bills Receivable . . . . .	173	7	4
	„ Commission . . . . .	1	14	—		„ Cash . . . . .	50	—	—
	„ Bills Receivable . . . . .	173	7	4		„ Bills Receivable . . . . .	127	1	4
	„ Discount . . . . .	1	17	—					
	„ Commission . . . . .	1	17	—					
		£520	8	1			£520	8	1

## EXERCISE VII—No. 25.

ACCOUNT SALES of 125 Tons of STEEL BARS, *ex S.S. Tantallan Castle*,  
sold by MESSRS. MURRAY & Co., Sydney, for account and risk of  
Midland Steel Co., England

19..		£			s.			d.		
		£	s.	d.	£	s.	d.	£	s.	d.
	25 tons Steel Bars @ £10 per ton .				250	—	—			
	30 " " @ £9/10/- " .				285	—	—			
	30 " " @ £9/5/- " .				277	10	—			
	40 " " @ £9 " .				360	—	—			
					1,172	10	—			
	<i>Charges.</i>									
	Landing Charges . . . . .	15	—	—						
	Carting Charges . . . . .	10	—	—						
	Warehousing . . . . .	6	—	—						
	Insurance . . . . .	1	—	—						
	Advertising . . . . .	5	—	—						
	Commission, i.e. 5% of £1,172/10/- .	58	12	6						
					95	12	6			
	E. & O.E.				£1,076	17	6			

30 days' sight draft for £1,076/17/6 herewith.

MURRAY & Co.,

July 1, 19..

Sydney.



## EXERCISE VII—No. 26.

## LEWIS &amp; CO.'S JOURNAL

19..		£	s.	d.	£	s.	d.
	Armstrong & Sons . . . . .	1,124	—	—	1,124	—	—
	To Sales Account . . . . .						
	For value of goods, plus freight, insurance, etc., etc., sent to Messrs. Armstrong & Sons, of Iquique, and agreeing to particulars of invoice.						
	Bills Receivable. . . . .	1,124	—	—	1,124	—	—
	To Armstrong & Sons . . . . .						
	Bill drawn on Armstrong & Sons for value of invoice.						
	Bank Account . . . . .	650	—	—	650	—	—
	To Bankers' Advance Account . . . . .						
	For advance from bankers on security of documents relating to sales and bills drawn on Armstrong & Sons.						
	Bank Account . . . . .	562	—	—	562	—	—
	To Armstrong & Sons . . . . .						
	For receipt from Armstrong & Sons of half value of bill.						
	Armstrong & Sons . . . . .	1,124	—	—	1,124	—	—
	To Bills Receivable . . . . .						
	For withdrawal of original bill.						
	Bills Receivable. . . . .	578	17	2	578	17	2
	To Armstrong & Sons . . . . .						
	For new bill for half value of original bill, plus interest at 6% for 6 months on amount.						
	Armstrong & Sons . . . . .	16	17	2	16	17	2
	To Interest . . . . .						
	For charge of interest for 6 months at 6% on amount of bill.						
	Bankers' Advance Account . . . . .	650	—	—	650	—	—
	To Bank . . . . .						
	For repayment of loan.						
	Bank Account . . . . .	578	17	2	578	17	2
	To Bills Receivable . . . . .						
	For Messrs. Armstrong & Sons' acceptance duly honoured.						
		£6,408	11	6	£6,408	11	6

EXERCISE VII—No. 26 (*contd.*).

## ARMSTRONG &amp; SONS' JOURNAL

19..		£	s.	d.	£	s.	d.
	Purchases Account . . . . .	1,124	—	—			
	To Lewis & Co. . . . .				1,124	—	—
	For purchases from Lewis & Co., including freight, insurance, etc., etc., as per invoice.						
	Lewis & Co. . . . .	1,124	—	—			
	To Bills Payable . . . . .				1,124	—	—
	For our acceptance of Lewis & Co.'s draft on us for value of goods as per invoice.						
	Lewis & Co. . . . .	562	—	—			
	To Bank . . . . .				562	—	—
	For remittance to them of half value of bill.						
	Bills Payable . . . . .	1,124	—	—			
	To Lewis & Co. . . . .				1,124	—	—
	For withdrawal of original bill.						
	Lewis & Co. . . . .	578	17	2			
	To Bills Payable . . . . .				578	17	2
	For new bill for half value of withdrawn bill, plus interest at 6% for 6 months on amount of bill.						
	Interest Account . . . . .	16	17	2			
	To Lewis & Co. . . . .				16	17	2
	For their charge of interest on amount of bill at 6% for 6 months.						
	Bills Payable . . . . .	578	17	2			
	To Bank . . . . .				578	17	2
	For payment of bill at maturity.						
		£5,108	11	6	£5,108	11	6

**EXERCISE VII—No. 27.**

ACCOUNT SALES OF 65 CASKS OF PURE LARD, ex S.S. *Rameses*, sold by Messrs. Stephens & Sons, of London, on account and risk of Messrs. Williams & Co., of New York.

		£	s.	d.	£	s.	d.
A 1	65 casks Fine Lard—						
	Gross weight . . . . . c. q.						
	Tare . . . . . 185 —						
	Net weight . . . . . 28 2						
	Net weight . . . . . 156 2						
	@ 42s. 6d. per cwt. . . . .				332	11	3
	<i>Charges.</i>						
	Freight . . . . .	15	15	8			
	Marine Insurance—£350 @ 25/-% . . . . .	4	8	6			
	(including Stamp, 1/-)						
	Customs Dues . . . . .		15	6			
	Unloading, Weighing, etc. . . . .	5	12	6			
	Expenses of Sale . . . . .	2	10	8			
	Fire Insurance . . . . .	13	13	—			
	Brokerage (7½% of £332/11/3) . . . . .	24	18	10			
	Commission (3% of £332/11/3) . . . . .	9	19	6			
					77	14	2
					£254	17	1
E. & O. E.	Messrs. Stephens & Sons, LONDON.						

**EXERCISE VII—No. 28.****R. RIGHTON'S LEDGER**

Dr.		CONSIGNMENT INWARDS ACCOUNT						Cr.	
19..	To L. Affleck . . . . . (600 barrels Flour @ 19/3)	£ 577	s. 10	d. —	19..	By Sundry Debtors . . . (325 barrels Flour @ 27/3)	£ 442	s. 16	d. 3
	" Cash . . . . .	43	19	4		" Sundry Debtors . . . (275 barrels Flour @ 26/2)	359	15	10
	" Commission . . . . . (2½% of £802/12/1)	20	1	4					
	" L. Affleck . . . . .	161	1	5					
		£802	12	1		Total Sales	£802	12	1

EXERCISE VII—No. 28 (*contd.*).

<i>Dr.</i>			L. AFFLECK			<i>Cr.</i>		
19..	To Cash . . . . .	£ 738	s. 11	d. 5	19..	By Consignment Inwards	£ 577	s. 10
						" " "	161	1 5
		£ 738	11	5			£ 738	11 5

<i>Dr.</i>			CASH BOOK			<i>Cr.</i>		
					19..	By Consignment Inwards	£	s. d.
						Freight . . . .	27	10 -
						Insurance . . . .	7	15 6
						Storage . . . .	8	13 10
						" L. Affleck . . . .	738	11 5

## EXERCISE VII—No. 29.

<i>Dr.</i>			W. WILLIAMS' LEDGER			<i>Cr.</i>		
			CONSIGNMENT ACCOUNT					
19..		£	s.	d.	19..		£	s.
Mar. 1	To Goods on C/mnt. . .	2,980	7	6	May 1	By S. Seigfried . . .	3,312	19 6
"	" Cash . . . . .	120	-	-				
July 4	" Loss on Exchange . .	56	19	7				
"	" Balance (gain) to Profit and Loss . .	155	12	5				
		£ 3,312	19	6			£ 3,312	19 6

<i>Dr.</i>			S. SEIGFRIED			<i>Cr.</i>		
19..		£	s.	d.	19..		£	s.
May 1	To Consignment . . .	3,312	19	6	May 1	By Bills Receivable . .	3,312	19 6

<i>Dr.</i>			BILLS RECEIVABLE ACCOUNT			<i>Cr.</i>		
19..		£	s.	d.	19..		£	s.
May 1	To S. Seigfried . . .	3,312	19	6	July 4	By Cash . . . . .	3,255	19 11
					"	" Loss on Exchange . .	56	19 7
		£ 3,312	19	6			£ 3,312	19 6

<i>Dr.</i>			CASH BOOK			<i>Cr.</i>		
19..		£	s.	d.	19..		£	s.
July 4	To Bills Receivable . .	3,255	19	11	Mar. 1	By Consignment— (Carriage, Freight, &c.)	120	- -

EXERCISE VII—No. 29 (*contd.*).

## W. WILLIAMS' JOURNAL

		£	s.	d.	£	s.	d.
19..							
Mar. 1	Consignment Account. . . . .	2,980	7	6			
	To Goods on Consignment . . . . .				2,980	7	6
	For consignment of 1,055 tons of iron @ 56s. 6d. per ton to S. Seigfried, of Hamburg.						
May 1	S. Seigfried . . . . .	3,312	19	6			
	To Consignment . . . . .				3,312	19	6
	For value of sales, less expenses as per Account Sales, i.e.— Gross proceeds, . . . . . 69,420 marks. Expenses, 1,425 marks. Commission, 1,735-50 <u>3,160-50</u> „ Net proceeds, <u>66,259-50</u> „ 66,259-50 marks @ 1/- = £3,312/19/6.						
„ 1	Bills Receivable. . . . .	3,312	19	6			
	To S. Seigfried . . . . .				3,312	19	6
	For acceptance at 2 months for amount as above.						
July 4	Loss on Exchange . . . . .	56	19	7			
	To Bills Receivable . . . . .				56	19	7
	For loss on rate of exchange at due date, i.e. 66,259-50 marks @ 20-35, whereas bill was made out @ 20-00.						
„ 4	Consignment Account. . . . .	56	19	7			
	To Loss on Exchange . . . . .				56	19	7
	For transfer of loss.						
		£9,720	5	8	£9,720	5	8

EXERCISE VII—No. 30.

Dr.

ROBSON & DAY'S JOINT VENTURE ACCOUNT

Cr.

Date.	Particulars.	Amount.	Days.	Pro-ducts.	Date.	Particulars.	Amount.	Days.	Pro-ducts.
19.. 5	To Locomotive . . . . .	£ 620	268	£ 166,160	19.. 19	By Locomotive . . . . .	£ 710	94	£ 66,740
" 15	" Carriage . . . . .	15	258	3,870	June 28	" 520 tons Rails @ £3/10/- pr. ton . . . . .	1,820	27	49,140
Mar. 18	" Storage . . . . .	1	196	392	Sept. 3	" 2 Cranes (price of each not given) . . . . .	125	15	1,875
" 21	" Insurance . . . . .	12	193	183	" 15	" Balance of Products . . . . .			207,498
" 4	" Repairs . . . . .	12	118	1,416	" 30				
June 4	" 520 tons Rails @ £3/5/- a ton . . . . .	1,690	88	148,720					
July 4	" Landing Charges . . . . .	30	65	1,950					
July 27	" Storage . . . . .	3	33	132					
Aug. 28	" 2 Cranes @ £55 each . . . . .	110	22	2,420					
Sept. 8	" Balance of Int. ( $\frac{207,498 \times 10}{73,000}$ ) . . . . .	28	6	325,253					
" 30	" Balance c/d . . . . .	143	6						
		£2,655					£2,655		£325,253
Sept. 30	To R. Robson's Share of Profit on Venture . . . . .	71	9		Sept. 30	By Balance b/d . . . . .	143	6	
"	" D. Day's Share of Profit on Venture . . . . .	71	9						
		£143	6				£143	6	

EXERCISE VII—No. 30 (contd.).

( Dr. JOINT VENTURE IN R. ROBSON'S BOOKS

Cr.

Date.	Particulars.	Amount.	Days.	Pro-ducts.	Date.	Particulars.	Amount.	Days.	Pro-ducts.
19.. 5	To Locomotive . . . . .	£ 620	268	£ 186,160	19.. 15	By 2 Cranes (price of each not given)	£ 125	15	£ 1,875
Jan. 15	" Carriage . . . . .	15	258	3,870	" 30	" Balance of Products . . . . .	748	3	172,657
July 27	" Landing Charges . . . . .	30	65	1,950	" 30	" " due from D. Day . . . . .			
Aug. 28	" Storage . . . . .	3	33	132					
Sept. 8	" 2 Cranes @ £55 each. . . . .	110	22	2,420					
" 30	" Balance of Int. $\left(\frac{172,657 \times 10}{73,000}\right)$ . . . . .	23	13	£174,532					£174,532
" 30	" Share of Profit on Venture . . . . .	71	14						
		£873	18				£873	18	3

Dr. JOINT VENTURE IN D. DAY'S BOOKS

Cr.

Date.	Particulars.	Amount.	Days.	Pro-ducts.	Date.	Particulars.	Amount.	Days.	Pro-ducts.
19.. 18	To Storage . . . . .	£ 1	196	£ 392	19.. 28	By Locomotive . . . . .	£ 710	94	£ 66,740
Mar. 21	" Insurance . . . . .	10	193	193	June 3	" 520 tons Rails @ £3/10/- pr. ton . . . . .	1,820	27	86,740
" 4	" Repairs . . . . .	12	118	1,416	Sept. 3	" Balance of Products . . . . .			34,841
July 4	" 520 tons Rails @ £3/5/- a ton . . . . .	1,690	88	148,720					
				£150,721					£150,721
Sept. 30	" Balance of Int. $\left(\frac{34,841 \times 10}{73,000}\right)$ . . . . .	4	15						
" 30	" Share of Profit on Venture . . . . .	71	14						
" 30	" Balance due to R. Robson. . . . .	748	18						
		£2,530					£2,530		





EXERCISE VIII—No. 3.

See page 247 of Advanced Accounts for definition of Account Current

## Dr.

CHARLES DAWSON IN ACCOUNT CURRENT WITH ALFRED BROWN

Cf.

Date.	Particulars.	Due Date.	Amount.	Days.	Pro- ducts.	Date.	Particulars.	Due Date.	Amount.	Days.	Pro- ducts.
19..						19..					
Jan. 17	To Goods . . . .	Feb. 1	$\frac{f}{200}$	121	24,200	Feb. 1	By Cash . . . .	Feb. 1	$\frac{f}{50}$	121	6,050
Apr. 10	" Cash. . . . .	Apr. 1	200	61	12,200	Mar. 18	" Goods . . . .	Apr. 1	300	61	18,300
May 10	" Goods . . . . .	June 1	120			May 1	" Balance of Interest . . . .	May 1	150	31	4,650
June 1	" Balance of Interest . . . .		1	4		June 1	" Balance of Products . . . .		21		7,400
	$\left( 7,400 \times \frac{12}{73,000} \right)$						" Balance c/d . . . .				
			$\frac{f}{521}$	4					$\frac{f}{521}$	4	
					$\frac{f}{36,400}$						$\frac{f}{36,400}$
June 1	To Balance b/d . . . .		21	4							

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EXERCISE VIII—No. 4.

Dr.

P. PARKER IN ACCOUNT CURRENT WITH T. TONGS

24.

Date.	Particulars.	Due Date:	Amount.	Days.	Pro- ducts,	Date.	Particulars.	Due Date.	Amount.	Days.	Pro- ducts.
19.. 3	To Goods . . . .	July 3	d.,	181	f	19.. 14	By Cash . . . .	Aug. 14	f	139	f
Sept. 10	" B/P. . . . .	Oct. 12	16	80	31,556	Aug. 14	" Goods . . . .	Sept. 8	15	6	10,564
Oct. 15	" Cash . . . . .	Oct. 15	10	77	10,000	Sept. 8	" " . . . .	Nov. 9	31	114	36,480
Nov. 30	" Goods . . . . .	Nov. 30	11	80	7,222	Nov. 9	" Balance o' Products .	Dec. 20	18	32	3,452
Nov. 30	" " . . . . .	"	2	31	+278	Dec. 20	" Balance c/d . . . .	"	7	9	1,577
Dec. 31	" Int. on Bal. of Products $\left( \begin{array}{l} 4,809 \times 10 \\ 73,000 \end{array} \right)$	"	11	31	3,596	" 31			13	5	4,809
			13	2							
					f57,122				f51	5	f7,122
Dec. 31	To Balance b/d . . . .		5	6							
			22	13	5						

## EXERCISE VIII—No. 5.

Dr.

W. WOOD IN ACCOUNT CURRENT WITH C. EVANS

Cr.

Date.	Particulars.	Due Date.	Amount.	Days.	Pro- ducts.	Date.	Particulars.	Due Date.	Amount.	Days.	Pro- ducts.
19.. 5	To Goods	July 5	f 163	10	179	19.. 12	By Cash	Aug. 12	f 66	6	f 947
July 8	" By E.	Oct. 11	110	10	81	Sept. 7	" Goods	Sept. 7	356	11	40,940
Oct. 12	" Cash.	Oct. 12	169	9	80	Nov. 13	" " "	Nov. 13	92	3	4,464
" 30	" Goods	Nov. 30	127	13	31	Dec. 11	" " "	Jan. 11	155	5	1,716
Nov. 30	" " "	" 30	136	5	8	" 31	" Bal. of Int. (Ital. figs.)	" "	"	"	494
Dec. 17	" " "	Jan. 17	129	16	17	" "	" Bal. of (1,073 x 10)	" "	2	11	
" 31	" Balance of Products	" "				" "	" Int. (73,000)	" "	95	10	
							Balance c/d	" "	f 767	5	f 55,345
Dec. 31	To Balance b/d	" "	f 767	5	11						
			95	10	11						

## EXERCISE VIII—No. 6.

Dr.

W. WEST IN ACCOUNT CURRENT WITH E. EASTON

Cr.

Date.	Particulars.	Due Date.	Amount.	Days.	Pro- ducts.	Date.	Particulars.	Due Date.	Amount.	Days.	Pro- ducts.
19.. 15	To Cash	Jan. 15	f 75	8	166	19.. 10	By Cash	Jan. 10	f 120	11	f 26,520
Feb. 8	" " "	Feb. 8	199	18	142	Feb. 15	" " "	Feb. 15	250	9	33,750
Mar. 16	" " "	Mar. 16	256	10	106	Mar. 21	" " "	Mar. 21	300	15	30,401
Apr. 20	" " "	Apr. 20	240	3	71	Apr. 18	" " "	Apr. 18	275	16	20,148
June 30	" Balance of Products	June 30	178	-	4	June 30	" Balance of Interest	June 30	3	2	
	" Balance c/d	" "					(19,521 x 12)		f 950	9	f 104,819
			f 950	9	1		By Balance b/d	June 30	178	-	

EXERCISE VIII—No. 7.

Dr.

N. NORTHCOTE IN ACCOUNT CURRENT WITH S. ANDERSON

Cy.

[illegible]

## EXERCISE VIII—No. 8.

Dr.

O. JORDAN IN ACCOUNT CURRENT WITH T. TETLOW

Cr.

[illegible]

EXERCISE VIII—No. 9.

Dr.

M. GOODMAN IN ACCOUNT CURRENT WITH M. BRESSLOFF

Cr.

Date.	Particulars.	Due Date.	Amount.	Days.	Pro- ducts.	Date.	Particulars.	Due Date.	Amount.	Days.	Pro- ducts.
19. .						19. .					
Jan. 12	To Goods	Mar. 12	f 420	110	46,310	Mar. 10	By Cash	As 1st	f 250	112	28,000
Feb. 15	"	Apr. 15	s 356	9	27,056	Apr. 10	"	column	s 150	81	12,150
Mar. 21	"	May 21	238	18	9,560	May 16	"	"	250	55	13,750
Apr. 10	"	June 10	127	2	2,540	June 30	" Balance of Products.	"	350	15	5,250
June 30	" Balance of Interest (26,316 × 10) 73,000		3	12		" 30	" Balance c/d	"	146		26,316
			f 1,146	14					146		
June 30	To Balance b/d		146	14	£85,466				£1,146		£85,466

EXERCISE VIII—No. 10

Dr.

C. CEDAR IN ACCOUNT CURRENT WITH J. HUGHES

Cr.

Date.	Particulars.	Due Date.	Amount.	Days.	Pro- ducts.	Date.	Particulars.	Due Date.	Amount.	Days.	Pro- ducts.
19. .						19. .					
Jan. 1	To Balance	Jan. 26	f 287	11	43,188	Feb. 28	By Net Proceeds A/S of Cotton.	As 1st	f 965	13	88,872
Jan. 26	" Cash.	Apr. 9	s 50	4	6,250	May 31	" Net Proceeds is A/S of Cotton.	column	1,017	2	4,500
Feb. 6	" Acceptance	Apr. 25	500	10	11,970	" 31	" Int. as <i>contra</i> (ficial. fig.)	"			4,906
Feb. 25	" Cash.	June 9	125	6	4,500	" 31	" Balance of Products.	"			
Apr. 6	" Acceptance	June 9	500	6	6,050						
Apr. 11	" Cash.	Apr. 11	120	15	4,520						
May 11	"	May 11	225	16							
" 31	" Bal. of (4,906 × 10) 73,000			5							
" 31	" Int.		172	4							
" 31	" Balance c/d		16	6	£98,278	May 31	By Balance b/d	"	172	4	11
			f 1,982						£1,982		£98,278

## EXERCISE VIII—No. II.

## FLOWERS &amp; CO.'S LEDGER

Dr. SIDE J. STEWART'S DRAWINGS ACCOUNT

Date.	Particulars.	Amount.			Days.	Pro- ducts.
19..		£	s.	d.		£
Jan. 15	To Cash . . . . .	35	—	—	350	12,250
Feb. 20	" " . . . . .	45	—	—	314	14,130
Mar. 18	" " . . . . .	35	—	—	288	10,080
Apr. 20	" " . . . . .	25	—	—	255	6,375
May 13	" " . . . . .	26	—	—	232	6,032
June 15	" " . . . . .	15	—	—	199	2,985
July 20	" " . . . . .	42	—	—	164	6,888
Aug. 17	" " . . . . .	34	—	—	136	4,624
Sept. 21	" " . . . . .	32	—	—	101	3,232
Oct. 14	" " . . . . .	28	—	—	78	2,184
Nov. 18	" " . . . . .	35	—	—	43	1,505
Dec. 21	" " . . . . .	38	—	—	10	380
" 31	" Interest $\left(\frac{70,665 \times 10}{73,000}\right)$	9	13	7		
		£399	13	7		£70,665



## EXERCISE VIII—No. 14.

## AVERAGE DUE DATES

## ZERO DATES

JUNE 5										SEPTEMBER 18		AUGUST 26	
Date.	Item.	Amount.			Days.	Products.	Days.	Products.	Days.	Products.			
19..		£	s.	d.		£				£			
June 5	Goods . .	726	16	2			105	76,335	82	59,614			
July 12	" . .	979	17	8	37	36,260	68	66,640	45	44,100			
Aug. 26	" . .	1,127	3	11	82	92,414	23	25,921	—	103,714			
Sept. 18	" . .	359	8	6	105	37,695			23	8,257			
		£3,193	6	3		£166,369		£168,896		£95,457			

June 5th + 52 days gives 27th July.

Sept. 18th - 53 days gives 27th July.

Aug. 26th - 30 days gives 27th July.

## EXERCISE VIII—No. 15.

Date.	Item.	Amount.			Days.	Products.
19..		£	s.	d.		£
June 5	Goods . . . .	355	9	10	Zero	Date
" 8	" . . . .	466	16	8	33	15,411
Sept. 11	" . . . .	229	14	7	98	22,540
(1,052 divided into 37,951 gives 36 dys.		£1,052	1	1		£37,951
∴ June 5 + 36 days gives July 11)						

## EXERCISE VIII—No. 16.

## AVERAGE DUE DATES

Date.	Item.	Amount.			Days.	Pro- ducts.
19..		£	s.	d.		£
Feb. 15	Goods . . . .	375	2	9	Zero	Date
Mar. 15	" . . . .	268	16	6	28	7,532
Apr. 15	" . . . .	349	14	4	59	20,650
" "	" . . . .	186	3	7	59	10,974
(1,180 divided into 39,156 gives 33 dys.		£1,179	17	2		£39,156
∴ Feb. 15 + 33 days + 6 mos. gives	Sept. 20)					

## EXERCISE VIII—No. 17.

Date.	Item.	Due Date.	Amount.			Days.	Pro- ducts.
19..			£	s.	d.		£
Aug. 12	Goods . . . .	Sept. 12	156	15	9	Zero	Date
" 21	" . . . .	Oct. 1	298	4	5	19	5,662
Sept. 23	" . . . .	Nov. 1	127	17	2	50	6,400
Oct. 9	" . . . .	" 19	395	5	8	68	26,860
(38,922 ÷ 978 gives 40 days			£978	3	—		£38,922
∴ Sept. 12 + 40 days gives	Oct. 22)						



FOREST & CO.'S LEDGER

## METHODS OF COMPUTATION.

*Note.*—The Average Due Date gives 48,329 ÷ 297 = 163 days,  
 Interest being . . . . .  $\ell$  s.  $d.$   
 6 12 5  
 Add Interest on £297 for 10 days: . . . . . 8 2

# EXERCISE VIII—No. 19.

## P. PINE IN ACCOUNT WITH F. ELLIOTT

Dr.

Cr.

Date.	Item.	Amount.			Days.	Pro- ducts.	Date.	Item.	Amount.			Days.	Pro- ducts.	
19. Aug. 12	Goods . . .	£	26	s.	2	d.	19. Sept. 20	Goods . . .	£	178	s.	4	d.	8
Sept. 20	" . . .	129	5	10	39		Oct. 10	" . . .	296	18	6	59		17,523
Oct. 15	" . . .	265	17	11	64		Nov. 22	" . . .	97	6	8	102		9,894
Nov. 1	Balance . . . (due from Elliott)	150	12	11					£572	9	10			£34,359
		£572	9	10										

# EXERCISE VIII—No. 20.

## JONES IN ACCOUNT CURRENT WITH BROWN

Dr.

Cr.

Date.	Particulars,	Amount.			Days.	Products,	Date.	Particulars,	Amount.			Days.	Products,	
19., Mar. 15	To Cash.	£	650	s.	—	d.	19., Sept. 1	By Sundry Debtors (£ of £4,281/10/10) .	£	2,568	s.	18	d.	6
June 1	" Sundry Creditors (£ of £1,277/12/6) .	766	11	6	213		Jan. 1	" Furniture (£ of £430/11/3) .	258	6	9	364		310,849
" 15	" Cash.	650	—	—	199		"	" Cash (£ of £1,565/10/5) .	939	6	3	364		93,912
" 15	" "													

## EXERCISE VIII—No. 21.

## SYKES &amp; SON'S JOURNAL

		£	s.	d.	£	s.	d.
19..							
Feb. 21	Consignment Account. . . . .	850	—	—	850	—	—
	To Goods on Consignment . . . . .						
	For goods valued £850 sent to Bailey & Co., their Belfast agent.						
„ 21	Consignment Account. . . . .	14	3	4	14	3	4
	To Bankers' Discount . . . . .						
	For transfer of loss on discounting bill.						
Mar. 31	Consignment Account. . . . .	28	13	9	28	13	9
	To Bailey & Co. . . . .						
	For his notification to us of his having paid freight and landing charges on account of consignment.						
Aug. 31	Bailey & Co. . . . .	1,056	—	—	1,056	—	—
	To Consignment Account . . . . .						
	For gross proceeds as per Account Sales.						
„ 31	Consignment Account. . . . .	31	13	7	31	13	7
	To Bailey & Co. . . . .						
	Commission on £1,056 @ 3 %.						
		£1,980	10	8	£1,980	10	8

## BILLS RECEIVABLE BOOK

No. of Bill.	Date.	From whom Received.	Tenor.	Due Date.	Fol.	Amount.	Remarks.
1	19.. Feb. 21	Bailey & Co. . . . .	4 mos.	19.. June 24		£ 850 — —	Discounted same date Retired June 24

EXERCISE VIII—No. 21 (*contd.*).

## SYKES &amp; SON'S LEDGER

<i>Dr.</i>		CONSIGNMENT ACCOUNT				<i>Cr.</i>		
19..		£	s.	d.	19..	£	s.	d.
Feb. 21	To Goods on C/ment. . .	850	—	—	Aug. 31	By Bailey & Co. . . .	1,056	—
" 21	" Cash (loss on Discounting Bill). . .	14	3	4		(Gross proceeds as per A/S)		
Mar. 31	" Bailey & Co. (Exps.) . .	28	13	9				
Aug. 31	" Bailey & Co. (Commission). . . .	31	13	7				
" 31	" Balance (profit) to Profit and Loss . .	131	9	4				
		<u>£1,056</u>	—	—			<u>£1,056</u>	—

<i>Dr.</i>		BAILEY & Co.				<i>Cr.</i>			
19..		£	s.	d.	19..	£	s.	d.	
June 24	To Cash . . . . .	850	—	—	Feb. 21	By Bills Receivable . .	850	—	—
Aug. 31	„ Consignment . . .	1,056	—	—	Mar. 31	„ Consignment . . .	28	13	9
					May 31	„ Cash . . . . .	450	—	—
					Aug. 31	„ Consignment . . .	31	13	7
					„ 31	„ Balance c/d . . .	545	12	8
		<u>£1,906</u>	—	—			<u>£1,906</u>	—	—

<i>Dr.</i>		CASH BOOK				<i>Cr.</i>			
		Bank.				Bank.			
19..		£	s.	d.	19..	£	s.	d.	
Feb. 21	To Bills Receivable . .	850	—	—	Feb. 21	By Banker's Discount . .	14	3	4
May 31	„ Bailey & Co. . . .	450	—	—	June 24	„ Bailey & Co. . . .	850	—	—
						(bill retired)			

## EXERCISE VIII—No. 22.

ACCOUNT SALES of 25 CHESTS of INDIGO sold by Henry Crichton & Son  
on account and risk of Thos. Ruffles.

	£	s.	d.	£	s.	d.
25 Chests of Indigo . . . . .				1,246	10	8
<i>Charges.</i>						
Dock Dues and Insurance . . . . .	8	10	11			
Cartage . . . . .	2	15	6			
Storage . . . . .	3	4	7			
Commission (3% of £1,246/10/8) . . . . .	37	7	11			
<i>Del credere</i> Commission (2½% of £1,246/10/8) . . . . .	31	3	3			
				83	2	2
				£1,163	8	6
E. & O.E.						
Bill at three months for £1,163/8/6 enclosed herewith.						
HENRY CRICHTON & SON.						

## EXERCISE VIII—No. 22 (a).

THOS. RUFFLES' BOOKS (LEDGER)									
Dr.				CONSIGNMENT ACCOUNT				Cr.	
19..		£	s.	d.	19..		£	s.	d.
Feb. 21	To Goods on C/ment (25 chests Tea @ £51 per cht.)	1,275	—	—	May 18	By Hy. Crichton & Son (Gross Proceeds as per A/S)	1,246	10	8
" 21	" Cash (Freight)	12	12	6	" 18	" Balance (Loss) to Profit and Loss	124	4	—
May 18	" Hy. Crichton & & Son . . . . . (Expenses)	14	11	—					
" 18	" Hy. Crichton (Commissions)	68	11	2					
		£1,370	14	8			£1,370	14	8

CRICHTON & SON									
Dr.								Cr.	
19..		£	s.	d.	19..		£	s.	d.
May 18	To Consignment . . . . .	1,246	10	8	May 18	By Consignment . . . . .	14	11	—
					" 18	" Bills Receivable	68	11	2
					" 18		1,163	8	6
		£1,246	10	8			£1,246	10	8

## EXERCISE VIII—No. 22 (a). (contd.).

## THOS. RUFFLES' JOURNAL

		£	s.	d.	£	s.	d.
19..							
Feb. 21	Consignment Account. . . . .	1,275	—	—	1,275	—	—
	To Goods on Consignment . . . . .						
	For 25 chests indigo forwarded to H. Crichton & Son.						
May 18	Crichton & Son . . . . .	1,246	10	8	1,246	10	8
	To Consignment Account . . . . .						
	For gross proceeds as per A/S.						
" 18	Consignment Account. . . . .	14	11	—	14	11	—
	To Crichton & Son . . . . .						
	For expenses as enumerated in A/S, i.e. Dock Dues and Insurance £8/10/11						
	Cartage . . . . . £2/15/6						
	Storage . . . . . £3/4/7						
" 18	Consignment Account. . . . .	68	11	2	68	11	2
	To Crichton & Son . . . . .						
	For Commission as under— 3% of gross proceeds as per A/S						
	£37/7/11						
	2½% of gross proceeds as per A/S (being <i>del credere</i> Commission)						
	£31/3/3						
" 18	Bills Receivable. . . . .	1,163	8	6	1,163	8	6
	To Crichton & Son . . . . .						
	Acceptance at 3 mos. for NET proceeds as per Account Sales. Bill dated Ap.20						
		£3,768	1	4	£3,768	1	4

## EXERCISE VIII—No. 22 (b).

## CRICHTON &amp; SON'S BOOKS (LEDGER)

Dr.				THOS. RUFFLES				Cr.			
19..		£	s.	d.	19..		£	s.	d.		
Apr. 20	To Cash . . . . .	14	11	—	Apr. 20	By Sundry Debtors.	1,246	10	8		
" 20	" Commission . . . . .	68	11	2							
" 20	" Bills Payable . . . . .	1,163	8	6							
		£1,246	10	8			£1,246	10	8		

## EXERCISE VIII—No. 22 (b) (contd.).

## CRICHTON &amp; SON'S JOURNAL

		£	s.	d.	£	s.	d.
19 .							
Apr. 20	Sundry Debtors. . . . .	1,246	10	8			
	To Thos. Ruffles . . . . .				1,246	10	8
	For sale to sundry debtors of goods received on consignment from Thos. Ruffles.						
„ 20	Thos. Ruffles . . . . .	14	11	—			
	To Cash . . . . .				14	11	—
	For expenses enumerated below—						
	Dock Dues and Insurance £8/10/11						
	Cartage . . . . . £2/15/6						
	Storage . . . . . £3/4/7						
„ 20	Thos. Ruffles . . . . .	68	11	2			
	To Commission Account . . . . .				68	11	2
	For 3% of gross proceeds of sales to debtors, i.e. 3% of £1,246/10/8 = £37/7/11 and $2\frac{1}{2}\%$ ( <i>del credere</i> ) commission, being $2\frac{1}{4}\%$ of £1,246/10/8 = £31/3/3						
„ 20	Thos. Ruffles . . . . .	1,163	8	6			
	To Bills Payable . . . . .				1,163	8	6
	For bill at 3 mos. for NET proceeds of account sales.						
		£2,493	1	4	£2,493	1	4

## EXERCISE VIII—No. 23.

## JOURNAL ENTRIES

		£	s.	d.	£	s.	d.
19..							
Jan. 5	Consignment Account. . . . .	750	2	9			
	To Goods on Consignment . . . . .				698	14	8
	" Commission . . . . .				17	9	4
	" Insurance . . . . .				7	10	—
	" Freight . . . . .				26	8	9
" 6	Bills Receivable. . . . .	750	2	9			
	To Ah Hee . . . . .				750	2	9
June 4	Ah Hee . . . . .	812	18	2			
	To Consignment . . . . .				812	18	2
	For value of goods sent \$5,455						
	= £750/2/9 plus share of profit \$460	£2,313	3	8	£2,313	3	8
	= £62/15/5.						

## STATEMENT OF CONVERSIONS

	Rate.	\$	£	s.	d.
Gross Proceeds . . . . .	2/9	6,872-52	944	19	2
Less Charges, i.e. \$326-17 + \$171-82.	2/9	497-99	68	9	5
NET Proceeds . . . . .	2/9	6,374-53	876	9	9
Less Cost of Goods (including Expenses)	2/9	5,455-54	750	2	9
Profit on Venture . . . . .	2/9	918-99	126	7	—
Actual HALF share . . . . .	2/9	459-495	63	3	6
No. of DOLLARS as share . . . . .	2/9	460-00	63	5	—
Discounted 5th June . . . . .	2/8½	\$460-00	£62	15	5

## LEDGER

Dr.				CONSIGNMENT ACCOUNT				Cr.			
19..		£	s.	d.	19..		£	s.	d.		
Jan. 5	To Goods on C/ment	698	14	8	June 4	By Ah Hee . . . . .	812	18	2		
	" Commission . . . . .	17	9	4							
	" Insurance . . . . .	7	10	—							
	" Freight . . . . .	26	8	9							
	" Balance to Profit and Loss . . . . .	62	15	5							
		£812	18	2			£812	18	2		
Dr.				CASH ACCOUNT				Cr.			
19..		£	s.	d.	19..		£	s.	d.		
Jan. 6	To Bills Receivable	750	2	9	Jan. 10	By Insurance . . . . .	7	10	—		
June 4	" Ah Hee . . . . .	62	15	5	" 10	" Freight . . . . .	26	8	9		



## EXERCISE VIII—No. 24.

## I. SOLOMON'S JOURNAL

19..		£	s.	d.	£	s.	d.
Feb. 1	Consignment Account.	376	—	—	376	—	—
	To Goods on Consignment						
	For consignment to Davis & Co., Bom-						
	bay, 320 cases brandy @ 23/6 per case						
	F.O.B.						
" 15	Davis & Co.	456	6	8	456	6	8
	To Consignment						
	For gross proceeds as per account sales.						
" 15	Consignment	18	10	—	18	10	—
	To Davis & Co.						
	For expenses and commission as per						
	account sales.						
		£850	16	8	£850	16	8

ACCOUNT SALES of 320 cases Wine and Spirit sold by Messrs. Davis & Co., of Bombay, for the account and risk of Messrs. Isaac Solomon, London.

19..	320 cases Brandy @ 18½ rupees a case				R. 5,920	—	—
	<i>Charges.</i>						
	Delivery Rent	R. 32	—	—			
	Postage	8	—	—			
	Commission—R. ½ per case	200	—	—			
					240	—	—
	<i>Net Proceeds</i>				R. 5,680	—	—
E. & O.E.	BOMBAY.						
	15th February.						
Dates	have been assumed. DAVIS & Co.,						

## I. SOLOMON'S LEDGER

Dr.		CONSIGNMENT ACCOUNT						Cr.		
		£	s.	d.			19..	£	s.	d.
Feb. 1	To Goods on C/memt	376	—	—	Feb. 15	By Davis & Co.		456	6	8
" 1	" Cash . . . .	13	12	6						
" 15	" Davis & Co. . .	18	10	—						
	" Balance to Profit									
	and Loss . . .	48	4	2						
		£456	6	8				£456	6	8

EXERCISE VIII—No. 24 (*contd.*).

<i>Dr.</i>		DAVIS & Co.						<i>Cr.</i>		
19..		£	s.	d.	19..		£	s.	d.	
Feb. 15	To Consignment	456	6	8	Feb. 15	By Consignment	18	10	—	
					" 15	" Cash	437	16	8	
		£456	6	8			£456	6	8	

<i>Dr.</i>		CASH BOOK						<i>Cr.</i>		
19..		£	s.	d.	19..		£	s.	d.	
Feb. 15	To Davis & Co.	437	16	8	Feb. 1	By Consignment	13	12	6	
	(Sight Draft of £437/16/8 for Rs. 5,680 converted at 1/6½ per rup.)					(For disbursements for— Insurance £4/17/6 Freight £8/15/-)				

## EXERCISE VIII—No. 25.

## JOHNSON, GIBBS &amp; CO.'s JOURNAL

19..		£	s.	d.	£	s.	d.
Jan. 1	Consignment Account.	106	16	7			
	To Goods on Consignment				93	6	—
	" Freight				12	16	7
	" Bill of Lading					2	6
	" Insurance				11	6	
	For particulars of invoice of goods sent to Messrs. Larrissa & Co., Bombay.	£106	16	7	£106	16	7

## MESSRS. JOHNSON, GIBBS &amp; CO.'s LEDGER

<i>Dr.</i>		CONSIGNMENT ACCOUNT						<i>Cr.</i>		
19..		£	s.	d.						
Jan. 1	To Goods on C/mnt	93	6	—						
	" Freight	12	16	7						
	" Bill of Lading		2	6						
	" Insurance		11	6						

## EXERCISE VIII—No. 26.

## CONSIGNEE'S JOURNAL

MESSRS. LARRISSA &amp; Co.

19..		Rs.	A.	P.	Rs.	A.	P.
Feb. 15	Sundry Debtors.	1,708	11	8	1,708	11	8
	To Messrs. Johnson, Gibbs & Co.						
	Messrs. Johnson, Gibbs & Co.	187	15	3			
	To Import Duty				17	1	4
	„ Rent, Insurance, and Commission				170	13	11
	For expenses and commission, etc., as set forth in Account Sales.						
	Rs.	1,896	10	11	1,896	10	11

## CONSIGNEE'S LEDGER

Dr.		MESSRS. JOHNSON, GIBBS & Co.					Cr.		
19..		Rs.	A.	P.	19..		Rs.	A.	P.
Feb. 15	To Duty . . . .	17	1	4	Feb. 15	By Sundry Debtors.	1,708	11	8
	„ Insurance . . . .	170	13	11					
	„ Cash . . . .	1,520	12	5					

Note.—Above calculations are in Indian currency.

## CONSIGNOR'S LEDGER

Dr.		CONSIGNMENT ACCOUNT						Cr.	
19..	To Goods on C/ment	£	s.	d.	19..	By Larrissa & Co. .	£	s.	d.
		106	16	7		" Balance to Profit	101	7	8
						and Loss . .	5	8	11
		£106	16	7			£106	16	7

Dr.				MESSRS. LARRISSA & Co.				Cr.			
19..			£	s.	d.	19..			£	s.	d.
Feb. 15		To Consignment .	101	7	8	Feb. 15		By Cash . . . .	101	7	8

## EXERCISE VIII—No. 27

## LUX &amp; LUCIFER'S LEDGER

Dr.				CONSIGNMENT ACCOUNT				Cr.			
19..		£	s.	d.	19..		£	s.	d.		
Feb. 1	To Goodson C/ment (i.e. 500 Lamps @ 18/- each)	450	-	-	Apr. 4	By M. Marconi . . (Amount recvd. from Undwts.)	72	-	-		
	" Cash . . . .	8	13	6		" M. Marconi . . (For his sale of 250 Lamps)	240	-	-		
Apr. 4	" M. Marconi . .	21	2	-		" Stock of 125 Lamps @ 18/- each c/d . . .	112	10	-		
						" Proportion of Expenses c/d . (i.e. $\frac{13}{100}$ of £8/13/6)	2	3	5		
						" Balance to Profit and Loss . .	53	2	1		
		£479	15	6			£479	15	6		

Dr.				M. MARCONI				Cr.			
19..		£	s.	d.	19..		£	s.	d.		
Apr. 4	To Consignment .	72	-	-	Apr. 4	By Consignment .	21	2	-		
"	" " " .	240	-	-	"	" Cash . . . .	290	18	-		
		£312	-	-			£312	-	-		

Dr.				CASH BOOK				Cr.			
19..		£	s.	d.	19..		£	s.	d.		
Apr. 4	To M. Marconi . .	290	18	-	Feb. 1	By Consignment— Freight £5/18/6 Insur. . £2/15/-	8	13	6		

## EXERCISE VIII—No. 28

Dr.				JOINT VENTURE				Cr.			
19..		£	s.	d.	19..		£	s.	d.		
	To Shares A/c (A) .	1,510	-	-		By Shares A/c (B) .	967	15	-		
	" C, $\frac{1}{2}$ share of .	22	15	-		" C, 30' sh. (C) .	475	10	-		
	" D, $\frac{1}{2}$ " (Profit)	45	10	-		" C, 30' sh. @ 30/-	45	-	-		
						" D, 60 " @ 30/-	90	-	-		
		£1,578	5	-			£1,578	5	-		

(A) Purchase of 1,000 Shares @ 30/- + Expenses £10. (B) Sale of 600 Shares @ 32/6, less Expenses £7/5/-. (C) Sale of 310 Shares @ 31/-, less Expenses £5.

EXERCISE VIII—No. 28 (*contd.*).

<i>Dr.</i>		BANK ACCOUNT				<i>Cr.</i>			
19..	To C . . . . .	£ 503	s. 6	d. 8	19..	By Shares A/c . . . . .	£ 1,510	s. -	d. -
	" D . . . . .	1,006	13	4		" C . . . . .	481	1	8
	" Shares A/c . . . . .	967	15	-		" D . . . . .	982	3	4
	" " . . . . .	475	10	-					
		<u>£2,953</u>	5	-			<u>£2,953</u>	5	-

Dr.		C					Cr.		
19..	To Joint A/c . . . . .	£ 45	s. -	d. -	19..	By Cash . . . . .	£ 503	s. 6	d. 8
	„ Bank . . . . .	481	1	8		„ Joint A/c . . . . .	22	15	-
		<u>£526</u>	<u>1</u>	<u>8</u>			<u>£526</u>	<u>1</u>	<u>8</u>

<i>Dr.</i>		D			<i>Cr.</i>				
19..	To Joint A/c . . . . .	£ 90	s. -	d. -	19..	By Cash . . . . .	£ 1,006	s. 13	d. 4
	„ Bank . . . . .	962	3	4		„ Joint A/c . . . . .	45	10	-
		£1,052	3	4			£1,052	3	4

## EXERCISE VIII—No. 29

<i>Dr.</i>		JOINT ACCOUNT			<i>Cr.</i>	
19..		£	s.	d.	19..	
	To Cash . . . . .	478	-	-		By Syndicate . . . . .
	" " . . . . .	22	-	-		" White . . . . .
	" Loss on Shares . . . . .	950	-	-		" (For his taking over balance of Stock)
	" Balance to Capital Accounts: (For transfer of Profit)					
	Black: $\frac{1}{2}$ share	293	-	-		
	White: $\frac{1}{2}$ "	293	-	-		
		£2,036	-	-		

<i>Dr.</i>		CAPITAL ACCOUNT—BLACK			<i>Cr.</i>				
19..		£	s.	d.	19..		£	s.	d.
	To Syndicate Shares	50	—	—		By Cash . . . . .	300	—	—
	„ Cash . . . . .	593	—	—		„ „ Share of Profit of Joint A/c . . . . .	50	—	—
							293	—	—
		£643	—	—			£643	—	—

EXERCISE VIII—No. 29 (*contd.*).

<i>Dr.</i>		CAPITAL ACCOUNT—WHITE				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.
	To Joint Account .	36	—	—		By Cash . . . .	150	—	—
	„ Cash . . . .	407	—	—		„ Share of Profit of Joint Venture	293	—	—
		<u>£443</u>	—	—			<u>£443</u>	—	—

<i>Dr.</i>				SYNDICATE ACCOUNT				<i>Cr.</i>			
19..	To Joint Account .	£ 2,000	s. —	d. —	19..	By Cash . . . .	£ 1,000	s. —	d. —		
		£2,000	—	—		„ Shares . . . .	1,000	—	—		
							£2,000	—	—		

<i>Dr.</i>				SHARES ACCOUNT				<i>Cr.</i>			
19..	To Syndicate . . . (For 1,000 shares of £1 fully paid)	£ 1,000	s. —	d. —	19..	By Black . . . . (Shares taken over at agreed valuation)	£ 50	s. —	d. —		
						„ Joint Account . (For transfer of loss of shares)	950	—	—		
		<u>£1,000</u>	—	—			<u>£1,000</u>	—	—		

<i>Dr.</i>				CASH BOOK				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.		
To Black's Cap. A/c		300	—	—	By Joint A/c (A)		478	—	—		
" White's		150	—	—	" (B)		22	—	—		
" Black's		50	—	—	" Black's Cap. A/c		593	—	—		
" Syndicate		1,000	—	—	" White's		407	—	—		
		<u>£1,500</u>	—	—			<u>£1,500</u>	—	—		

(A) Cost of Purchases and Experiments. (B) Patent Fees paid by White.

*Note.*—The question seems to suggest that White contributed a further £22; but, as sufficient cash was available at the time, the sum has been regarded as having been paid by WHITE out of such funds.

## JOURNAL ENTRIES

19..		£	s.	d.	£	s.	d.
Jan.	4	Joint Account . . . . .	254	12	6	254	12 6
		To A. Lemoine . . . . .					
10		J. Carey . . . . .	138	10	6	138	10 6
		To Joint Account . . . . .					
14		Joint Account . . . . .	4	8	4	4	8 4
		To J. Carey . . . . .					
16		Joint Account . . . . .	31	4	—	31	4 —
		To A. Lemoine . . . . .					
30		A. Lemoine . . . . .	428	15	4	428	15 4
		To Joint Account . . . . .	4	1	9	4	1 9
			£432	17	1	£432	17 1

*Cr.*

19..			£	s.	d.	19..			£	s.	d.
Jan. 16	To Joint Account	237	4	6		Jan. 7	By Joint Account		4	6	2
" 30	" A. Lemoine	4	1	9		" 9	" " " "		50		6
						" 16	" A. Lemoine		285	16	6
						" 30	" Joint Account		8	3	6

 $C\gamma.$ 

19..		£	s.	d.	19..		£	s.	d.
Jan. 4	To A. Lemoine . . .	254	12	6	Jan. 10	By Carey, J.. . .	138	10	6
" 7	" Cash . . . . .	4	6	2	" 16	" Cash . . . . .	237	4	6
" 9	" " . . . . .	50	—	—					
" 14	" J. Carey . . . . .	4	8	4					
" 16	" A. Lemoine . . . .	31	4	—					
	" Balance c/d . . .	31	4	—					
		<u>£375</u>	<u>15</u>	<u>—</u>			<u>£375</u>	<u>15</u>	<u>—</u>
Jan. 30	To Cash . . . . .	8	3	6	Jan. 30	By Balance b/d . .	31	4	
"	" Balance to Profit and Loss . . . . .	27	2	3	"	" A. Lemoine . . .	4	1	9
		<u>£35</u>	<u>5</u>	<u>9</u>			<u>£35</u>	<u>5</u>	<u>9</u>

EXERCISE VIII—No. 30 (*contd.*).

<i>Dr.</i>			A. LEMOINE			<i>Cr.</i>		
19..			£	s.	d.	19..		
Jan. 16	To Cash . . . .		285	16	6	Jan. 4	By Joint Account .	£ 254
						" 16	"	31
							(Share of Profit on venture)	12
								4
			£285	16	6			6
Jan. 30	To Joint Account .					Jan. 30	By Cash . . . .	4
								1
								9

*Note.*—It has been assumed that A. Lemoine has refunded £4 1s. 9d., which was an amount included in balance sent him on 16th—being in excess of correct amount.

## EXERCISE IX—No. 1

THE SECTIONAL SYSTEM OF BALANCING is a system wherein accounts are classified, and grouped under particular categories for facility in control of posting.

Personal Accounts are classified into those of Debtors and Creditors, and a separate ledger is kept for each. The purpose served by this method is to prove each ledger independently, which purpose is effected by an adjustment account.

The advantages of Sectional Balancing are—

(a) Errors are localized to each separate ledger and reduce the necessary scope of investigation to one or other of the numerous ledgers, for all ledgers are self-balancing.

(b) Economy of time and effort are effected. The clerical staff can be conveniently allocated to writing up the various ledgers, etc., as against the loss of time caused by members of the staff waiting to do work in the LEDGER while some other member is "entering up" or "posting."

The alterations in X, Y, Z & Co.'s books necessary to make them completely "sectional" balancing are—

(a) To reduce the "Private and Nominal" Ledger to two ledgers, i.e. (1) "Private" and (2) "Nominal."

(b) The Journal and "Bank" Cash Books to have appropriate analysis columns for all ledgers kept. (See also *Advanced Accounts*, Chapter IX.)

## EXERCISE IX—No. 2.

This question is explained fully in Chapter IX of *Advanced Accounts*.



**EXERCISE IX—No. 3**

The uses of the JOURNAL are adequately dealt with in Chapter I of *Advanced Accounts*.

The entries to be found in the JOURNAL of a business in which ledgers are balanced independently will be found elaborated in Chapter IX of *Advanced Accounts*.

**EXERCISE IX—No. 4****J GARSIDE'S SALES (DEBTORS) LEDGER**

*Dr.* GENERAL LEDGER ADJUSTMENT ACCOUNT *Cr.*

		£	s.	d.			£	s.	d.
19..					19..				
Jan. 31	To Returns Inwards	942	-	-	Jan. 1	By Balance . . .	12,542	-	-
" 31	" Cash . . . . .	15,621	-	-	" 31	" Sales . . . . .	21,658	-	-
" 31	" Discts. Allowed .	968	-	-	" 31	" Bills Receivable .	542	-	-
" 31	" Bills Receivable .	3,471	-	-		(dishonoured)			
" 31	" Balance c/d . . .	13,740	-	-					
		£ 34,742	-	-			£ 34,742	-	-
					Jan. 31	By Balance b/d . .	13,740	-	-

**EXERCISE IX—No. 5****SALES JOURNAL**

Date.	No. of Invoice.	Particulars.	Fol.	Total.	TOWN LEDGER.								
					Mantles.			Dress Materials.			Felts.		
				£ s. d.	£	s.	d.	£	s.	d.	£	s.	d.

Date.	No. of Invoice.	Particulars.	Fol.	Total.	COUNTRY LEDGER.								
					Mantles.			Dress Materials.			Felts.		
				£ s. d.	£	s.	d.	£	s.	d.	£	s.	d.

*Note.*—It is probable that a separate JOURNAL would be kept for each, as illustrated.

(DEBIT SIDE)

[illegible][illegible]

To show above in relation to the Self-balancing of Ledgers, it would be necessary to post to accounts in the ordinary way, and then to show the "aggregate figures" of each analysis column in the relative adjustment accounts.

## EXERCISE IX—No. 7.

SALES BOOK						TRIAL BALANCE						Debits:		
		£	s.	d.			£	s.	d.					
19..														
Mar. 6	J. Crow . . . .	175	6	8		J. Crow . . . .	128	10	—					
" 10	T. Finch . . . .	180	13	4		T. Finch . . . .	180	13	4					
" 11	L. Lark . . . .	50	—	—		R. Robin . . . .	100	—	—					
" 14	R. Robin . . . .	135	11	8										
" 18	J. Crow . . . .	28	10	—										
						General Ledger	£409	3	4					
		£570	1	8		Adjustment A/c Cr.	409	3	4					

## CASH BOOK

Date.	Particulars.	Fol.	Disct.	Amount.	Date.	Particulars.	Fol.	Amount.
19..				£ s. d.	19..			£ s. d.
Mar. 2	To J. Crow . . .			10 12 6	Mar. 6	By J. Crow . . .		1 13 4
" 7	" T. Finch . . .			3 17 6		(Carriage)		
" 17	" R. Robin . . .			35 11 8	" 31	" Balance c/d . .		723 8 4
" 21	" J. Jay . . . .			255 10 —				
" 27	" J. Crow . . .			77 — —				
				£ 14 10 —				£ 725 1 8
				£ 725 1 8				
Mar. 31	To Bal. b/d . .			723 8 4				

## SALES LEDGER

Dr.		JAMES CROW						Cr.	
		£	s.	d.			£	s.	d.
19..					19..				
Mar. 1	To Balance . . .	220	12	6	Mar. 2	By Cash . . . .	210	—	—
" 6	" Sales . . . .	175	6	8	" 2	" Discount . . .	10	12	6
" 6	" Cash (Carriage) .	1	13	4	" 27	" Cash . . . .	77	—	—
" 18	" Sales . . . .	28	10	—	" 31	" Balance c/d . .	128	10	—
		<u>£426</u>	<u>2</u>	<u>6</u>			<u>£426</u>	<u>2</u>	<u>6</u>
Mar. 31	To Balance b/d . .	128	10	—					

Dr.		THOMAS FINCH						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
Mar. 1	To Balance . . .	150	17	6	Mar. 7	By Cash . . . .	147	—	—	
" 10	" Sales . . . .	180	13	4	" 7	" Discount . . .	3	17	6	
					" 31	" Balance c/d . .	180	13	4	
		<u>£331</u>	<u>10</u>	<u>10</u>			<u>£331</u>	<u>10</u>	<u>10</u>	
Mar. 31	To Balance b/d . .	180	13	4						

Dr.				JOHN JAY				Cr.			
19..		£	s.	d.	19..		£	s.	d.		
Mar. 1	To Balance . . .	270	4	6	Mar. 21	By Cash . . . .	255	10	—		
					" 21	" Bad Debts . .	14	14	6		
		£270	4	6			£270	4	6		

EXERCISE IX—No. 7 (*contd.*).

Dr.		L. LARK			Cr.	
19..		£	s.	d.	19..	
Mar. 11	To Sales . . . .	50	—	—	Mar. 31	By Bought Ledger Adjustment (Amt. transfd.)
						50 — —

Dr.		R. ROBIN			Cr.	
19..		£	s.	d.	19..	
Mar. 14	To Sales . . . .	135	11	8	Mar. 17	By Cash . . . .
					" 31	" Balance c/d . .
		£135	11	8		£35 11 8
						100 — —
						£135 11 8

*Note.*—L. Lark's item has been regarded as one requiring transfer to the Bought Ledger, hence difference from the figure in *Advanced Accounts* list of Answers.

Either answer is correct.

Dr.		GENERAL LEDGER ADJUSTMENT ACCOUNT			Cr.	
19..		£	s.	d.	19..	
Mar. 31	To Cash . . . .	725	1	8	Mar. 1	By Balance . . . .
" 31	" Discounts . . . .	14	10	—		(Total of Sales Ledger Bal.
" 31	" Bad Debts . . . .	14	14	6		b/f)
" 31	" Bought Ledger Adjustment A/c	50	—	—	" 31	" Sales . . . .
" 31	" Balance c/d . . . .	409	3	4		(Total of Sales Book)
					" 31	" Cash . . . .
						(Amount paid on account of carriage)
		£1,213	9	6		1 13 4
						£1,213 9 6
					Mar. 31	By Balance b/d . .
						409 3 4

## EXERCISE IX—No. 8.

## MESSRS. JAMES OGDEN &amp; CO.'s SALES LEDGER

Dr.		GENERAL LEDGER ADJUSTMENT ACCOUNT			Cr.	
19..		£	s.	d.	19..	
Dec. 31	To Returns Inwards	691	12	—	June 30	By Debtor Balances
" 31	" Cash . . . .	41,344	8	6	Dec. 31	" Sales . . . .
" 31	" Discts. allowed . . . .	1,504	9	3	" 31	" Bills Receivable (dishonoured)
" 31	" Bills Receivable . . . .	4,210	1	2	" 31	" Sundry Charges . . . .
" 31	" Bad Debts . . . .	942	10	—		29 4 6
" 31	" Balance c/d . . . .	38,702	6	9		£87,395 7 8
		£87,395	7	8		38,702 6 9
					Dec. 31	By Balance b/d . .
						38,702 6 9

EXERCISE IX—No. 8 (*contd.*).

## MESSRS. JAMES OGDEN &amp; CO.'s GENERAL LEDGER

<i>Dr.</i>				SALES LEDGER ADJUSTMENT ACCOUNT				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.		
June 30	To Debtors' Bal.	28,394	12	6	Dec. 31	By Returns Inwards	691	12	—		
Dec. 31	„ Sales	58,421	10	8	„ 31	„ Cash	41,344	8	6		
„ 31	„ Bills Receivable	550	—	—	„ 31	„ Discs. allowed	1,504	9	3		
	(Dishonoured)				„ 31	„ Bills Receivable	4,210	1	2		
„ 31	„ Sundry Charges	29	4	6	„ 31	„ Bad Debts	942	10	—		
					„ 31	„ Balance c/d	38,702	6	9		
		£	87,395	7			£	87,395	7		
				8							
Dec. 31	To Balance b/d	38,702	6	9							

## EXERCISE IX—No. 9.

## PURCHASES BOOK

		£	s.	d.
Jan. 3	S. Smith	76	13	2
„ 10	B. Brown	134	16	8
„ 17	J. Jones	55	2	11
„ 21	T. Thompson	66	4	9
„ 24	H. Hewitt	173	12	3
„ 30	L. Lovejoy	157	6	10
		£663	16	7

BOUGHT LEDGER  
TRIAL BALANCE

<i>Credits.</i>			
	£	s.	d.
S. Smith	76	13	2
B. Brown	134	16	8
J. Jones	80	8	2
T. Thompson	66	4	9
H. Hewitt	226	10	3
L. Lovejoy	157	6	10
	£741	19	10

## RETURNS OUTWARDS BOOK

		£	s.	d.
Jan. 11	J. Jones	13	14	8
„ 28	L. Lovejoy	17	6	11
		£31	1	7

<i>Debits.</i>			
	£	s.	d.
General Ledger Adjustment A/c	£741	19	10

*Dr.*

## CASH BOOK

*Cr.*

						Date.	Particulars.		Disct.		Bank.				
						19..			£	s.	d.	£	s.	d.	
						Jan. 5	By L. Lovejoy .		9	4	9	175	10	10	
						" 12	" H. Hewitt .					50	—	—	
						" 19	" T. Thompson.		2	14	2	51	9	7	
						" 23	" J. Jones .					40	—	—	
						" 25	" B. Brown .		3	18	3	74	6	5	
						" 31	" S. Smith .		10	6	11	196	10	9	
									£	26	4	1	£587	17	7
									==	==	==	==	==	==	==

EXERCISE IX—No. 9 (*contd.*).

## BILLS PAYABLE BOOK

No. of Bill.	Date.	To Whom Given.	Tenor.	Due Date.	Fol.	Discount.			Amount.		
1	19.. Jan. 4	Brown, A. . . .				£	s.	d.	£	s.	d.
2	" 26	Hewitt, H. . . .				3	18	6	74	12	—
							5	9	62	9	9
						£7	4	3	£137	1	9

## Dr. GENERAL LEDGER ADJUSTMENT ACCOUNT Cr.

19.. Jan. 1	To Ledger Balances	£ 887	s. 12	d. 6	19.. Jan. 31	By Returns . . .	£ 31	s. 1	d. 7
" 31	" Purchases . . . (as per Purchases Book)	663	16	7	" 31	" Cash . . .	587	17	7
					" 31	" Discts. received.	33	8	4
					" 31	" Bills Payable . .	137	1	9
					" 31	" Balance c/d . .	741	19	10
		£1,531	9	1			£1,531	9	1
Jan. 31	To Balance b/d . .	741	19	10					

## A. ALLCOTT'S BOUGHT LEDGER

## Dr. S. SMITH Cr.

19.. Jan. 31	To Cash . . . .	£ 196	s. 10	d. 9	19.. Jan. 1	By Balance . . .	£ 206	s. 17	d. 8
" 31	" Discount . . .	10	6	11	" 3	" Purchases . . .	76	13	2
" 31	" Balance c/d . .	76	13	2					
		£283	10	10			£283	10	10
					Jan. 31	By Balance b/d . .	76	13	2

## Dr. B. BROWN Cr.

19.. Jan. 4	To Bills Payable	£ 74	s. 12	d. —	19.. Jan. 1	By Balance . . .	£ 156	s. 15	d. 2
" 4	" Discount . . .	3	18	6	" 10	" Purchases . . .	134	16	8
" 25	" Cash . . . .	74	6	5					
" 25	" Discount . . .	3	18	3					
" 31	" Balance c/d . .	134	16	8			£291	11	10
		£291	11	10					
					Jan. 31	By Balance b/d . .	134	16	8

## Dr. J. JONES Cr.

19.. Jan. 11	To Returns O/ward.	£ 13	s. 14	d. 8	19.. Jan. 1	By Balance . . .	£ 78	s. 19	d. 11
" 23	" Cash . . . .	40	—	—	" 17	" Purchases . . .	55	2	11
" 31	" Balance c/d . .	80	8	2			£134	2	10
		£134	2	10					
					Jan. 31	By Balance b/d . .	80	8	2

EXERCISE IX—No. 9 (*contd.*).

<i>Dr.</i>		T. THOMPSON			<i>Cr.</i>				
19..		£	s.	d.	19..	£	s.	d.	
Jan. 19	To Cash . . . .	51	9	7	Jan. 1	By Balance . . .	54	3	9
" 19	" Discount . . .	2	14	2	" 21	" Purchases . . .	66	4	9
" 31	" Balance c/d . .	66	4	9					
		<u>£120</u>	<u>8</u>	<u>6</u>			<u>£120</u>	<u>8</u>	<u>6</u>
					Jan. 31	By Balance b/d . .	66	4	9

<i>Dr.</i>		H. HEWITT					<i>Cr.</i>		
19..		£	s.	d.	19..		£	s.	d.
Jan. 12	To Cash . . . .	50	—	—	Jan. 1	By Balance . . .	168	13	6
" 26	" Bills Payable . .	62	9	9	" 24	" Purchases . . .	173	12	3
" 26	" Discount . . .	3	5	9					
" 31	" Balance c/d . .	226	10	3					
		<u>£342</u>	<u>5</u>	<u>9</u>			<u>£342</u>	<u>5</u>	<u>9</u>
					Jan. 31	By Balance b/d . .	226	10	3

<i>Dr.</i>		L. LOVEJOY					<i>Cr.</i>		
19..		£	s.	d.	19..		£	s.	d.
Jan. 5	To Cash . . . .	175	10	10	Jan. 1	By Balance . . .	202	2	6
" 5	" Discount . . .	9	4	9	" 30	" Purchases . . .	157	6	10
" 28	" Returns O/wards .	17	6	11					
" 31	" Balance c/d . .	157	6	10					
		£359	9	4			£359	9	4
					Jan. 31	By Balance b/d . .	157	6	10

## EXERCISE IX—No. 10.

## PURCHASES BOOK

BOUGHT LEDGER  
TRIAL BALANCE

19..		£	s.	d.	L. Luke		£	s.	d.
Mar. 4	L. Luke . . . .	247	9	3			302	8	9
" 11	M. Matthew . . .	65	14	8		M. Matthew . . .	366	8	8
" 18	J. John . . . .	73	10	2		J. John . . . .	73	10	2
" 22	M. Mark . . . .	127	6	11		M. Mark . . . .	127	6	11
" 25	P. Paul . . . .	48	15	6		P. Paul . . . .	48	15	6
" 30	S. Silas . . . .	165	18	10		S. Silas . . . .	235	9	7
		£728	15	4			£1,153	19	7

## RETURNS OUTWARDS BOOK

		£	s.	d.			£	s.	d.
19..		27	10	6	General Ledger Ad- justment A/c.				
Mar. 13	P. Paul . . . .	36	15	2		1,153	19	7	
" 27	M. Matthew . . .								
		£64	5	8					

## EXERCISE IX—No 10 (contd.).

Dr.				CASH BOOK				Cr.				
				Date.	Particulars.	Disct.			Bank.			
				19..		£	s.	d.	£	s.	d.	
				Mar. 6	By S. Silas . . .				80	—	—	
				" 13	" P. Paul . . .	6	—	5	114	7	10	
				" 20	" M. Mark . . .	10	6	10	196	10	—	
				" 24	" J. John . . .	9	5	11	176	13	—	
				" 26	" M. Matthew . .				100	—	—	
				" 31	" L. Luke . . .				50	—	—	
						£	25	13	2	£717	10	10

## BILLS PAYABLE BOOK

No. of Bill.	Date.	To Whom Given.	Tenor.	Due Date.	Fol.	Discount.			Amount.		
1	19..					£	s.	d.	£	s.	d.
2	Mar. 12	L. Luke . . . .				8	—	10	152	16	—
	" 25	S. Silas . . . .				10	6	10	196	9	1
						18	7	8	349	5	1

## P. ZUCKER'S BOUGHT LEDGER

Dr.			L. LUKE			Cr.		
19..			£	s.	d.	19..		
Mar. 12	To Bills Payable . .	152	16	—	—	Jan. 1	By Balance . . .	265
" 12	" Discount . . . .	8	—	10	—	Mar. 4	" Purchases . . .	247
" 31	" Cash . . . . .	50	—	—	—			
" 31	" Balance c/d . . .	302	8	9	—			
		£513	5	7	—			£513
						Mar. 31	By Balance b/d . .	302
								8
								9.

<i>Dr.</i>				M. MATTHEW				<i>Cr.</i>			
19..			£	s.	d.	19..			£	s.	d.
Mar. 26	To Cash . . . . .	100	—	—		Jan. 1	By Balance . . .	437	9	2	
„ 27	„ Returns O/wards . .	36	15	2		Mar. 11	„ Purchases . . .	65	14	8	
„ 31	„ Balance c/d . . .	366	8	8							
		<u>£503</u>	<u>3</u>	<u>10</u>				<u>£503</u>	<u>3</u>	<u>10</u>	
						Mar. 31	By Balance b/d . .	366	8	8	



EXERCISE IX—No. 10 (*contd.*).

Dr.		J. JOHN					Cr.		
19..		£	s.	d.	19..		£	s.	d.
Mar. 24	To Cash . . . .	176	13	—	Jan. 1	By Balance . . .	185	18	11
" 24	" Discount . . .	9	5	11	Mar. 18	" Purchases . . .	73	10	2
" 31	" Balance c/d . .	73	10	2					
		<u>£259</u>	<u>9</u>	<u>1</u>			<u>£259</u>	<u>9</u>	<u>1</u>
					Mar. 31	By Balance b/d . .	73	10	2

Dr.		M. MARK						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
Mar. 20	To Cash . . . .	196	10	—	Jan. 1	By Balance . . .	206	16	10	
" 20	" Discount . . .	10	6	10	Mar. 22	" Purchases . . .	127	6	11	
" 31	" Balance c/d . .	127	6	11						
		£334	3	9			£334	3	9	
					Mar. 31	By Balance b/d . .	127	6	11	

<i>Dr.</i>			P. PAUL			<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.
Mar. 13	To Returns O/wards	27	10	6	Jan. 1	By Balance . . .	147	18	9
" 13	" Cash . . . .	114	7	10	Mar. 25	" Purchases . . .	48	15	6
" 13	" Discount . . .	6	—	5					
" 31	" Balance c/d . .	48	15	6					
		<u>£196</u>	<u>14</u>	<u>3</u>			<u>£196</u>	<u>14</u>	<u>3</u>
					Mar. 31	By Balance b/d . .	48	15	6

<i>Dr.</i>		S. SILAS					<i>Cr</i>		
19..		£	s.	d.	19..		£	s.	d.
Mar. 6	To Cash . . . .	80	—	—	Jan. 1	By Balance . . .	356	6	8
" 25	" Bills Payable . .	196	9	1	Mar. 30	" Purchases . . .	165	18	10
" 25	" Discount . . .	10	6	10					
" 31	" Balance c/d . .	235	9	7					
		<u>£522</u>	<u>5</u>	<u>6</u>			<u>£522</u>	<u>5</u>	<u>6</u>
					Mar. 31	By Balance b/d . .	235	9	7

<i>Dr.</i>		GENERAL LEDGER ADJUSTMENT ACCOUNT						<i>Cr.</i>		
		£	s.	d.			£	s.	d.	
19..					19..					
Jan. 1	To Ledger Balances	1,600	6	8	Mar. 31	By Returns O/wards	64	5	8	
Mar. 31	„ Purchases . .	728	15	4	„ 31	„ Cash . . . .	717	10	10	
					„ 31	„ Discts. received.	44	—	10	
					„ 31	„ Bills Payable .	349	5	1	
					„ 31	„ Balance c/d . .	1,153	19	7	
		<u>£2,329</u>	<u>2</u>	<u>—</u>			<u>£2,329</u>	<u>2</u>	<u>—</u>	
Mar. 31	To Balance b/d . .	1,153	19	7						

## SALES LEDGER TRIAL BALANCE

19..		£	s.	d.
July 3	B. Beard . . . .	62	10	8
" 10	C. Cowan . . . .	74	2	11
" 17	D. Doggett . . . .	165	17	4
" 21	E. Eley . . . .	120	13	6
" 24	F. Foxwell . . . .	88	18	8
" 30	G. Graves . . . .	99	19	9
		£612	2	10

19..		£	s.	d.
July 4	G. Graves . . .	23	19	11
" 23	C. Cowan. . . .	16	12	9
		£40	12	8

	£	s.	d.
B. Beard. . . . .	82	1	4
C. Cowan . . . . .	137	10	11
D. Doggett . . . . .	165	17	4
E. Eley . . . . .	120	13	6
F. Foxwell . . . . .	118	18	8
G. Graves . . . . .	99	19	9
	<u>£725</u>	1	6

	£	s.	d.
General Ledger Adjustment A/c.	725	1	6

Date.	Particulars.	Disct.	Bank.
19..		£ s. d.	£ s. d.
July 5	To G. Graves . .	8 2 3	154 2 6
" 12	" F. Foxwell . .		50 - -
" 19	" E. Eley . .	4 17 8	92 16 2
" 23	" D. Doggett . .	4 5 3	80 19 3
" 25	" C. Cowan . .	2 17 6	54 12 8
" 31	" B. Beard . .		40 - -
		£ 20 2 8	£ 472 10 7

*Cy.*

No. of Bill.	Date.	From Whom Received.	Tenor.	Due Date.	Fol.	Discount.			Amount.		
1	19..					£	s.	d.	£	s.	d.
2	July 6	F. Foxwell . . .				4	15	9	90	19	5
	" 26	B. Beard . . .				3	6	10	63	9	10
						<u>£8</u>	<u>2</u>	<u>7</u>	<u>£154</u>	<u>9</u>	<u>3</u>

## EXERCISE IX—No. II (contd.).

Dr.		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
July 31	To Returns Inwards	40	12	8	July 1	By Ledger Balances	808	16	5	
" 31	" Cash	472	10	7	" 31	" Sales	612	2	10	
" 31	" Disc't. allowed	28	5	3						
" 31	" Bills Receivable	154	9	3						
" 31	" Balance c/d	725	1	6						
		£1,420	19	3			£1,420	19	3	
					July 31	By Balance b/d	725	1	6	

## E. BROCKWELL'S SALES LEDGER

Dr.		B. BEARD						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
July 1	To Balance	126	7	4	July 26	By Bills Receivable	63	9	10	
" 3	" Sales	62	10	8	" 26	" Discount	3	6	10	
					" 31	" Cash	40	-	-	
					" 31	" Balance c/d	82	1	4	
		£188	18	-			£188	18	-	
July 31	To Balance b/d	82	1	4						

Dr.		C. COWAN						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
July 1	To Balance	137	10	11	July 23	By Returns Inwards	16	12	9	
" 10	" Sales	74	2	11	" 25	" Cash	54	12	8	
					" 25	" Discounts	2	17	6	
					" 31	" Balance c/d	137	10	11	
		£211	13	10			£211	13	10	
July 31	To Balance b/d	137	10	11						

Dr.		D. DOGGETT						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
July 1	To Balance	85	4	6	July 23	By Cash	80	19	3	
" 17	" Sales	165	17	4	" 23	" Discount	4	5	3	
					" 31	" Balance c/d	165	17	4	
		£251	1	10			£251	1	10	
July 31	To Balance b/d	165	17	4						

Dr.		E. ELEY						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
July 1	To Balance	97	13	10	July 19	By Cash	92	16	2	
" 21	" Sales	120	13	6	" 19	" Discount	4	17	8	
					" 31	" Balance c/d	120	13	6	
		£218	7	4			£218	7	4	
July 31	To Balance b/d	120	13	6						

EXERCISE IX—No. 11 (*contd.*).

<i>Dr.</i>			F. FOXWELL			<i>Cr.</i>		
19..			£	s.	d.	19..		
July 1	To Balance . . .		175	15	2	July 6	By Bills Receivable	£ 90 19 5
" 24	" Sales . . .		88	18	8	" 12	" Discount . . .	4 15 9
						" 31	" Cash . . .	50 - -
							" Balance c/d . .	118 18 8
			£264	13	10			£264 13 10
July 31	To Balance b/d . .		118	18	8			

<i>Dr.</i>			G. GRAVES			<i>Cr.</i>		
19..			£	s.	d.	19..		
July 1	To Balance . . .		186	4	8	July 4	By Returns Inwards	£ 23 19 11
" 30	" Sales . . .		99	19	9	" 5	" Cash . . .	154 2 6
						" 5	" Discount . . .	8 2 3
						" 31	" Balance c/d . .	99 19 9
			£286	4	5			£286 4 5
July 31	To Balance b/d . .		99	19	9			

## EXERCISE IX—No. 12

SALES BOOK						SALES LEDGER TRIAL BALANCE					
											<i>Debits.</i>
19..			£	s.	d.				£	s.	d.
Oct. 4	A. Andrews . . .		185	12	11	A. Andrews . . .			223	8	3
" 11	B. Binnie . . .		196	10	10	B. Binnie . . .			196	10	10
" 18	C. Carter . . .		156	11	5	C. Carter . . .			156	11	5
" 22	O. Orford . . .		163	12	7	O. Orford . . .			163	12	7
" 25	P. Peel . . .		199	19	9	P. Peel . . .			199	19	9
" 31	T. Turner . . .		187	17	8	T. Turner . . .			227	15	-
			£1,090	5	2				£1,167	17	10
RETURNS INWARDS BOOK											<i>Credits.</i>
19..			£	s.	d.				£	s.	d.
Oct. 8	P. Peel . . .		15	14	7	General Ledger Ad-					
" 23	B. Binnie . . .		16	10	8	justment Account			£1,167	17	10
			£32	5	3						

BILLS RECEIVABLE BOOK											
No. of Bill.	Date.	From Whom Received.	Tenor.	Due Date.	Fol.	Discount.			Amount.		
1	19..					£	s.	d.	£	s.	d.
2	Oct. 7	A. Andrews . . .				4	6	9	82	8	5
	" 29	T. Turner . . .				3	15	8	71	17	10
						£8	2	5	£154	6	3

EXERCISE IX—No. 12 (*contd.*).CASH BOOK  
(DEBIT SIDE)

Date.	Particulars.	Fol.	Discount.			Bank.		
19..			£	s.	d.	£	s.	d.
Oct. 6	To T. Turner . . .					70	—	—
" 13	" P. Peel . . .		5	11	1	105	10	3
" 20	" O. Orford . . .		10	7	8	197	5	6
" 24	" C. Carter . . .		8	8	10	160	7	10
" 27	" B. Binnie . . .		8	2	3	154	2	6
" 31	" A. Andrews . . .					50	—	—
			£32	9	10	£737	6	1

## G. GARDENER'S SALES LEDGER

Dr.		A. ANDREWS					Cr.		
19..		£	s.	d.	19..		£	s.	d.
Oct. 1	To Balance . . .	174	10	6	Oct. 7	By Bills Receivable	82	8	5
" 4	" Sales . . .	185	12	11	" 7	" Discount . . .	4	6	9
					" 31	" Cash . . .	50		
					" 31	" Balance c/d . .	223	8	3
		<u>£360</u>	<u>3</u>	<u>5</u>			<u>£360</u>	<u>3</u>	<u>5</u>
Oct. 31	To Balance b/d . .	223	8	3					

Dr.		B. BINNIE					Cr.		
19..		£	s.	d.	19..		£	s.	d.
Oct. 1	To Balance . . .	178	15	5	Oct. 23	By Returns Inwards	16	10	8
" 11	" Sales . . .	196	10	10	" 27	" Cash . . .	154	2	6
					" 27	" Discount . . .	8	2	3
					" 31	" Balance c/d . .	196	10	10
		<u>£375</u>	<u>6</u>	<u>3</u>			<u>£375</u>	<u>6</u>	<u>3</u>
Oct. 31	To Balance b/d . .	196	10	10					

Dr.		C. CARTER					Cr.		
19..		£	s.	d.	19..		£	s.	d.
Oct. 1	To Balance . . .	168	16	8	Oct. 24	By Cash . . .	160	7	10
" 18	" Sales . . .	156	11	5	" 24	" Discount . . .	8	8	10
					" 31	" Balance c/d . .	156	11	5
		<u>£325</u>	<u>8</u>	<u>1</u>			<u>£325</u>	<u>8</u>	<u>1</u>
Oct. 31	To Balance b/d . .	156	11	5					

EXERCISE IX—No. 12 (*contd.*).

Dr.			O. ORFORD			Cr.				
19..			£	s.	d.	19..				
Oct. 1	To Balance . . .		207	13	2	Oct. 20	By Cash . . .	197	5	6
" 22	" Sales . . .		163	12	7	" 20	" Discount . . .	10	7	8
						" 31	" Balance c/d . .	163	12	7
			<u>£371</u>	<u>5</u>	<u>9</u>			<u>£371</u>	<u>5</u>	<u>9</u>
Oct. 31	To Balance b/d . .		163	12	7					

Dr.			P. PEEL			Cr.				
19..			£	s.	d.	19..				
Oct. 1	To Balance . . .	126	15	11		Oct. 8	By Returns Inwards	15	14	7
" 25	" Sales . . .	199	19	9		" 13	" Cash . . .	105	10	3
						" 13	" Discount . . .	5	11	1
						" 31	" Balance c/d . .	199	19	9
			£326	15	8			£326	15	8
Oct. 31	To Balance b/d . .	199	19	9						

Dr.			T. TURNER			Cr.				
19..			£	s.	d.	19..				
Oct. 1	To Balance . . .	185	10	10		Oct. 6	By Cash . . .	£ 70	s. —	d. —
„ 31	„ Sales . . .	187	17	8		„ 29	„ Bills Receivable	71	17	10
						„ 29	„ Discount . . .	3	15	8
						„ 31	„ Balance c/d . .	227	15	—
			£373	8	6			£373	8	6
Oct. 31	To Balance b/d . .	227	15	—						

Dr.		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
Oct. 31	To Returns Inwards	32	5	3	Oct. 1	By Ledger Balances	1,042	2	6
" 31	" Cash . . . . .	737	6	1	" 31	" Sales . . . . .	1,090	5	2
" 31	" Discts. Allowed . .	40	12	3					
" 31	" Bills Receivable . .	154	6	3					
" 31	" Balance c/d . . .	1,167	17	10					
		<u>£2,132</u>	<u>7</u>	<u>8</u>			<u>£2,132</u>	<u>7</u>	<u>8</u>
					Oct. 31	By Balance b/d . .	1,167	17	10



## EXERCISE IX—No. 13 (contd.).

OPENING ENTRIES				GENERAL LEDGER TRIAL BALANCE			
19..		£	£		£	£	
Jan. 1	Cash . . . . .	1,725		Cash . . . . .	2,066		
	Stock . . . . .	2,750		Discounts Allowed . . . . .	134		
	Debtors . . . . .	2,645		Stock . . . . .	2,750		
	Plant and Machinery . . . . .	2,550		Purchases . . . . .	1,479		
	To Creditors . . . . .		1,720	Sundry Expenses . . . . .	263		
	" Capital A/cs—			Salaries . . . . .	75		
	Graham . . . . .		3,975	Wages . . . . .	125		
	Winder . . . . .		3,975	Plant and Machinery . . . . .	2,550		
		<u>£9,670</u>	<u>£9,670</u>	Sales Ledger Adjust. A/c . . . . .	2,223		
				Graham's Drawings . . . . .	35		
				Winder's Drawings . . . . .	35		
				Sales . . . . .		2,223	
				Discounts Received . . . . .		83	
				Bought Ledger Adjust. A/c . . . . .		1,479	
				Capital Accounts—			
				Graham . . . . .		3,975	
				Winder . . . . .		3,975	
					<u>£11,735</u>	<u>£11,735</u>	

Messrs. Graham &amp; Winder

## TRADING ACCOUNT

FOR MONTH ENDING 31ST JAN, 19..

(Dr. side)		£	s.	d.
	To Stock, 1st Jan. . . . .	2,750	—	—
	" Purchases . . . . .	1,479	—	—
	" Wages . . . . .	125	—	—
	" Balance (gross profit) c/d . . . . .	1,019	—	—
		<u>£5,373</u>	—	—
(Cr. side)	By Sales . . . . .	2,223	—	—
	" Stock, 31st Jan.. . . . .	3,150	—	—
		<u>£5,373</u>	—	—

Messrs. Graham &amp; Winder

## PROFIT AND LOSS ACCOUNT

Dr. FOR THE MONTH ENDED 31ST JANUARY, 19..

Cr.

Dr.	£	s.	d.		£	s.	d.
To Discounts Allowed . . . . .	134	—	—	By Trading Account . . . . .	1,019	—	—
" Sundry Expenses . . . . .	388	—	—	" Discounts Received . . . . .	83	—	—
(including £125 due)							
" Salaries . . . . .	75	—	—				
" Provision for Bad Debts Res. . . . .	100	—	—				
" Depreciation of Plant . . . . .	25	10	—				
(12% of £2,550 for 1 mth.)							
" Interest on Capital A/cs—							
Graham . . . . .	16	11	3				
Winder . . . . .	16	11	3				
" Balance (NET profit) to Cap. Accounts—							
Graham, $\frac{1}{2}$ share. . . . .	173	3	9				
Winder, " . . . . .	173	3	9				
	<u>£1,102</u>	—	—		<u>£1,102</u>	—	—



## EXERCISE IX—No. 13 (contd.).

Messrs. Graham &amp; Winder

## BALANCE SHEET AS AT 31ST JANUARY, 19..

LIABILITIES.			ASSETS.		
	£	s. d.		£	s. d.
Sundry Creditors .	1,479	— —	Cash . . . . .	2,066	— —
Reserve for Out- standing Exps. .	125	— —	Debtors . . . . .	2,123	— —
Capital Accounts—			Stock . . . . .	3,150	— —
Graham. . .	4,129	15 —	Plant & Machinery (NET) . . . . .	2,524	10 —
Winder . . .	4,129	15 —			
	£9,863	10 —		£9,863	10 —

## BOUGHT LEDGER

Dr.		HORSHAM						Cr.	
19..		£	s.	d.	19..		£	s.	d.
Jan. —	To Cash . . . . .	225	—	—	Jan. 1	By Balance . . . . .	236	—	—
" —	" Discount . . . .	11	—	—	" —	" Purchases . . . .	274	—	—
" 31	" Balance c/d . . .	274	—	—					
		£510	—	—			£510	—	—
					Jan. 31	By Balance b/d . .	274	—	—

Dr.		PIGGOTT						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
Jan. —	To Cash . . . . .	333	—	—	Jan. 1	By Balance . . . . .	350	—	—	
" —	" Discount . . . .	17	—	—	" —	" Purchases . . . .	298	—	—	
" 31	" Balance c/d . . .	298	—	—						
		£648	—	—			£648	—	—	
					Jan. 31	By Balance b/d . .	298	—	—	

Dr.		MANTON						Cr.		
19..		£	s.	d.	19..		£	s.	d.	
Jan. —	To Cash . . . . .	259	—	—	Jan. 1	By Balance . . . . .	272	—	—	
" —	" Discount . . . .	13	—	—	" —	" Purchases . . . .	237	—	—	
" 31	" Balance c/d . . .	237	—	—						
		£509	—	—			£509	—	—	
					Jan. 31	By Balance b/d . .	237	—	—	

EXERCISE IX—No. 13 (*contd.*).

<i>Dr.</i>			COLES			<i>Cr.</i>		
19..			£	s.	d.	19..		
Jan. —	To Cash . . . .	299	—	—	—	Jan. 1	By Balance . . .	£ 314
" —	" Discount . . .	15	—	—	—	" —	" Purchases . .	196
" 31	" Balance c/d . .	196	—	—	—			
		£510	—	—	—			£510
						Jan. 31	By Balance b/d .	196

<i>Dr.</i>			DAY			<i>Cr.</i>		
19..			£	s.	d.	19..		
Jan. —	To Cash . . . .	271	—	—	—	Jan. 1	By Balance . . .	£ 285
" —	" Discount . . .	14	—	—	—	" —	" Purchases . .	189
" 31	" Balance c/d . .	189	—	—	—			
		£474	—	—	—			£474
						Jan. 31	By Balance b/d .	189

<i>Dr.</i>			BULLEN			<i>Cr.</i>		
19..			£	s.	d.	19..		
Jan. —	To Cash . . . .	250	—	—	—	Jan. 1	By Balance . . .	£ 263
" —	" Discount . . .	13	—	—	—	" —	" Purchases . .	285
" 31	" Balance c/d . .	285	—	—	—			
		£548	—	—	—			£548
						Jan. 31	By Balance b/d .	285

<i>Dr.</i>			GENERAL LEDGER ADJUSTMENT ACCOUNT			<i>Cr.</i>		
19..			£	s.	d.	19..		
Jan. 1	To Balance . . .	1,720	—	—	—	Jan. 31	By Cash . . . .	£ 1,637
" 31	" Purchases . .	1,479	—	—	—	" 31	" Discts. Received	83
						" 31	" Balance c/d . .	1,479
		£3,199	—	—	—			£3,199
Jan. 31	To Balance b/d .	1,479	—	—	—			

## SALES LEDGER

<i>Dr.</i>			MOORE			<i>Cr.</i>		
19..			£	s.	d.	19..		
Jan. 1	To Balance . . .	574	—	—	—	Jan. —	By Cash . . . .	£ 546
" —	" Sales . . . .	276	—	—	—	" —	" Discount . . .	28
						" 31	" Balance c/d . .	276
		£850	—	—	—			£850
Jan. 31	To Balance b/d .	276	—	—	—			

EXERCISE IX—No. 13 (*contd.*).

<i>Dr.</i>			ROBERTS			<i>Cr.</i>		
19..			£	s.	d.	19..		
Jan. 1	To Balance . . .		206	—	—	Jan. —	By Cash . . .	£ 196
" —	" Sales . . .		365	—	—	" —	" Discount . . .	10
						" 31	" Balance c/d . .	365
			£371	—	—			
Jan. 31	To Balance b/d . .		365	—	—			£371

<i>Dr.</i>			HARRISON			<i>Cr.</i>		
19..			£	s.	d.	19..		
Jan. 1	To Balance . . .		495	—	—	Jan. —	By Cash . . .	£ 466
" —	" Sales . . .		198	—	—	" —	" Discount . . .	29
						" 31	" Balance c/d . .	198
			£693	—	—			£693
Jan. 31	To Balance b/d . .		198	—	—			

<i>Dr.</i>			SQUIRES			<i>Cr.</i>		
19..			£	s.	d.	19..		
Jan. 1	To Balance . . .		369	—	—	Jan. —	By Cash . . .	£ 351
" —	" Sales . . .		457	—	—	" —	" Discount . . .	18
						" 31	" Balance c/d . .	457
			£826	—	—			£826
Jan. 31	To Balance b/d . .		457	—	—			

<i>Dr.</i>			FARROW			<i>Cr.</i>		
19..			£	s.	d.	19..		
Jan. 1	To Balance . . .		573	—	—	Jan. —	By Cash . . .	£ 545
" —	" Sales . . .		584	—	—	" —	" Discount . . .	28
						" 31	" Balance c/d . .	584
			£1,157	—	—			£1,157
Jan. 31	To Balance b/d . .		584	—	—			

<i>Dr.</i>			LONSDALE			<i>Cr.</i>		
19..			£	s.	d.	19..		
Jan. 1	To Balance . . .		428	—	—	Jan. —	By Cash . . .	£ 407
" —	" Sales . . .		343	—	—	" —	" Discount . . .	21
						" 31	" Balance c/d . .	343
			£771	—	—			£771
Jan. 31	To Balance b/d . .		343	—	—			

EXERCISE IX—No. 13 (*contd.*).

<i>Dr.</i>		GENERAL LEDGER ADJUSTMENT ACCOUNT						<i>Cr.</i>		
19..			£	s.	d.	19..		£	s.	d.
Jan. 31	To Cash . . . .	2,511	-	-		Jan. 1	By Ledger Balances	2,645	-	-
" 31	" Discounts . . .	134	-	-		" 31	" Sales . . . .	2,223	-	-
" 31	" Balance c/d . .	2,223	-	-			(as per Sales Bk.)			
		£4,868	-	-				£4,868	-	-
						Jan. 31	By Balance b/d . .	2,223	-	-

<i>Dr.</i>		GENERAL LEDGER STOCK ACCOUNT						<i>Cr.</i>		
19..			£	s.	d.					
Jan. 1	To Balance . . .	2,750	-	-						

<i>Dr.</i>		PURCHASES ACCOUNT						<i>Cr.</i>		
19..			£	s.	d.					
Jan. 31	To Sundries . . .	1,479	-	-						

<i>Dr.</i>		SALES ACCOUNT						<i>Cr.</i>		
						19..		£	s.	d.
						Jan. 31	By Sundries . . .	2,223	-	-

<i>Dr.</i>		DISCOUNTS RECEIVED ACCOUNT						<i>Cr.</i>		
						19..		£	s.	d.
						Jan. 31	By Sundries . . .	83	-	-

<i>Dr.</i>		DISCOUNTS ALLOWED ACCOUNT						<i>Cr.</i>		
19..			£	s.	d.					
Jan. 31	To Sundries . . .	134	-	-						

<i>Dr.</i>		SUNDRY EXPENSES ACCOUNT						<i>Cr.</i>		
19..			£	s.	d.					
Jan. —	To Cash . . . .	263	-	-						

<i>Dr.</i>		WAGES ACCOUNT						<i>Cr.</i>		
19..			£	s.	d.					
Jan. —	To Cash . . . .	125	-	-						

EXERCISE IX—No. 13 (*contd.*).

<i>Dr.</i>		SALARIES ACCOUNT						<i>Cr.</i>	
19..		£	s.	d.					
Jan. —	To Cash . . . .	75	—	—					

<i>Dr.</i>		PLANT AND MACHINERY ACCOUNT						<i>Cr.</i>	
19..		£	s.	d.					
Jan. 1	To Balance . . .	2,550	—	—					

<i>Dr.</i>		PARTNERS' DRAWINGS ACCOUNT						<i>Cr.</i>	
19..		£	s.	d.					
Jan. —	To Cash (Graham) .	35	—	—					
	" " (Winder) .	35	—	—					

<i>Dr.</i>		CAPITAL ACCOUNT—GRAHAM						<i>Cr.</i>	
					19..				
					Jan. 1	By Balance . . .	£ 3,975	s. —	d. —

<i>Dr.</i>		CAPITAL ACCOUNT—WINDER						<i>Cr.</i>	
					19..				
					Jan. 1	By Balance . . .	£ 3,975	s. —	d. —

<i>Dr.</i>		BOUGHT LEDGER ADJUSTMENT ACCOUNT						<i>Cr.</i>	
19..		£	s.	d.	19..		£	s.	d.
Jan. 31	To Cash . . . .	1,637	—	—	Jan. 1	By Ledger Balances	1,720	—	—
" 31	" Discts. Received	83	—	—	" 31	" Purchases . .	1,479	—	—
" 31	" Balance c/d . .	1,479	—	—					
		£3,199	—	—			£3,199	—	—
					Jan. 31	By Balance b/d . .	1,479	—	—

<i>Dr.</i>		SALES LEDGER ADJUSTMENT ACCOUNT						<i>Cr.</i>	
19..		£	s.	d.	19..		£	s.	d.
Jan. 1	To Ledger Balances	2,645	—	—	Jan. 31	By Cash . . . .	2,511	—	—
" 31	" Sales . . . .	2,223	—	—	" 31	" Discts. Allowed .	134	—	—
					" 31	" Balance c/d . .	2,223	—	—
		£4,868	—	—			£4,868	—	—
Jan. 31	To Balance b/d . .	2,223	—	—					

*Note.*—It has been thought an advantage to the teacher and student to leave the General Ledger at that point which makes it possible for the General Ledger Trial Balance to be constructed.

## EXERCISE IX—No. 14

## OPENING ENTRIES

19..		£	s.	d.	£	s.	d.
Jan. 1	Cash . . . . .	50	—	—			
	Bank . . . . .	870	—	—			
	Stock . . . . .	1,000	—	—			
	Bills Receivable . . . . .	375	—	—			
	A. Arthur . . . . .	275	16	4			
	B. Brown . . . . .	361	14	2			
	F. Flower . . . . .	250	12	2			
	C. Cook . . . . .	873	5	11			
	Furniture and Fixtures . . . . .	200	—	—			
	Plant and Machinery . . . . .	1,700	—	—			
	To Bills Payable . . . . .				420	—	—
	„ D. Dunlop . . . . .				174	13	2
	„ G. Garnet . . . . .				127	16	10
	„ E. Ernest . . . . .				86	15	9
	„ F. Franklin . . . . .				217	6	10
	„ Capital Account . . . . .				4,929	16	—
		£5,956	8	7	£5,956	8	7

## BOUGHT LEDGER TRIAL BALANCE

	£	s.	d.	£	s.	d.
D. Dunlop . . . . .				612	1	7
G. Garnet . . . . .				216	12	2
E. Ernest . . . . .				459	3	8
F. Franklin . . . . .				264	17	10
General Ledger Adjustment A/c	1,552	15	3			
	£1,552	15	3	£1,552	15	3

## SALES LEDGER TRIAL BALANCE

19..		£	s.	d.	£	s.	d.
	A. Arthur . . . . .	514	16	1			
	B. Brown . . . . .	228	14	—			
	F. Flower . . . . .	209	12	4			
	C. Cook . . . . .	316	15	8			
	General Ledger Adjustment A/c				1,269	18	1
		£1,269	18	1	£1,269	18	1

EXERCISE IX—No. 14 (*contd.*).

## PURCHASES BOOK

19..								£	s.	d.
Jan. 7	D. Dunlop	..	.	.	.	.	.	612	1	7
" 14	E. Ernest	.	.	.	.	.	.	459	3	8
" 21	F. Franklin	.	.	.	.	.	.	275	10	6
" 24	G. Garnet	.	.	.	.	.	.	216	12	2
								£1,563	7	11

## SALES BOOK

19..								£	s.	d.
Jan. 4	A. Arthur	.	.	.	.	.	.	359	8	7
" 13	B. Brown	.	.	.	.	.	.	246	10	2
" 18	F. Flower	.	.	.	.	.	.	209	12	4
" 25	C. Cook	.	.	.	.	.	.	316	15	8
								£1,132	6	9

## RETURNS OUTWARDS BOOK

19..								£	s.	d.
Jan. 24	F. Franklin	.	.	.	.	.	.	10	12	8

## RETURNS INWARDS BOOK

19..								£	s.	d.
Jan. 15	B. Brown	.	.	.	.	.	.	17	6	2

## BILLS PAYABLE BOOK

No. of Bill.	Date.	To Whom Given.		Tenor.	Due Date.	Fol.	Disct.	Amount.
	19..		Dated.		19..		£ s. d.	£ s. d.
87	Jan. 22	G. Garnet . . .	Jan. 21	2 mos.	Mar. 24		6 7 10	121 9 -

## BILLS RECEIVABLE BOOK

No. of Bill.	Date.	From Whom Received.		Tenor.	Due Date.	Fol.	Disct.	Amount.
	19..		Dated.		19..		£ s. d.	£ s. d.
59	Jan. 15	F. Flower . . .	Jan. 13	2 mos.	Mar. 16		12 10 7	£238 1 7

EXERCISE IX—No. 14 (*contd.*).

(CREDIT SIDE)

Date.	Particulars.	Fol.	Discount.		Cash.		Bank.		Bought Ledger.		Sales Ledger.		General Ledger.	
			£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
19.. 4 Jan.	By Wages . . . . .	.												
" 11 "	" D'Unlop . . . . .	.												
" 13 "	" Bills Payable, No. 86 . . . . .	.	8	14	8									
" 15 "	" E. Ernest . . . . .	.	4	6	9									
" 16 "	" Wages . . . . .	.												
" 18 "	" Bills Payable, No. 85 . . . . .	.												
" 19 "	" F. Franklin . . . . .	.	10	17	4									
" 24 "	" A. Arthur (for dishonoured bill [No. 54] and noting charges) . . . . .	.												
" 25 "	" Wages . . . . .	.												
" 27 "	" Drawings . . . . .	.												
" 31 "	" Salaries . . . . .	.												
" 31 "	" Purchases . . . . .	.												
" 31 "	" Rent, Rates, and Taxes . . . . .	.												
" 31 "	" Petty Cash (refund to petty cashier of expenses for month)	.												
" 31 "	" Balance c/d . . . . .	.												
			£23	18	9							£2,047	14	7

(DEBIT SIDE)

[illegible]



EXERCISE IX—No. 14 (*contd.*).

## BOUGHT LEDGER

Dr.		D. DUNLOP					Cr.		
19..		£	s.	d.	19..		£	s.	d.
Jan. 13	To Cash . . . .	165	18	6	Jan. 1	By Balance . . .	174	13	2
" 13	" Discount . . .	8	14	8	" 7	" Purchases . . .	612	1	7
" 31	" Balance c/d . .	612	1	7					
		£786	14	9			£786	14	9
					Jan. 31	By Balance b/d . .	612	1	7

Dr.		G. GARNET					Cr.		
19..		£	s.	d.	19..		£	s.	d.
Jan. 22	To Bills Payable . .	121	9	—	Jan. 1	By Balance . . .	127	16	10
" 22	" Discount . . .	6	7	10	" 24	" Purchases . . .	216	12	2
" 31	" Balance c/d . .	216	12	2					
		£344	9	—			£344	9	—
					Jan. 31	By Balance b/d . .	216	12	2

<i>Dr.</i>		E. ERNEST					<i>Cr.</i>		
19..		£	s.	d.	19..		£	s.	d.
Jan. 16	To Cash . . . .	82	9	—	Jan. 1	By Balance . . .	86	15	9
" 16	" Discount . . .	4	6	9	" 14	" Purchases . . .	459	3	8
" 31	" Balance c/d . .	459	3	8					
		<u>£545</u>	<u>19</u>	<u>5</u>			<u>£545</u>	<u>19</u>	<u>5</u>
					Jan. 31	By Balance b/d . .	459	3	8

<i>Dr.</i>			F. FRANKLIN			<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.
Jan. 23	To Cash . . . .	206	9	6	Jan. 1	By Balance . . .	217	6	10
" 23	" Discount . . .	10	17	4	" 21	" Purchases . . .	275	10	6
" 24	" Returns . . . .	10	12	8					
" 31	" Balance c/d . .	264	17	10					
		<u>£492</u>	<u>17</u>	<u>4</u>			<u>£492</u>	<u>17</u>	<u>4</u>
					Jan. 31	By Balance b/d . .	264	17	10

Dr.		GENERAL LEDGER ADJUSTMENT ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
Jan. 1	To Ledger Balances	606	12	7	Jan. 31	By Cash and Disc..	478	15	9
" 31	" Purchases . .	1,563	7	11	" 31	" Returns O/wards	10	12	8
					" 31	" Bills Payable and			
					" 31	Discount . .	127	16	10
					" 31	" Balance c/d . .	1,552	15	3
		<u>£2,170</u>	—	6			<u>£2,170</u>	—	6
Jan. 31	To Balance b/d . .	1,552	15	3					

## EXERCISE IX—No. 14 (contd.)

## SALES LEDGER

<i>Dr.</i>				A. ARTHUR				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.		
Jan. 1	To Balance . . .	275	16	4	Jan. 15	By Cash . . . .	262	—	7		
" 4	" Sales . . . .	359	8	7	" 15	" Discount. . . .	13	15	9		
" 24	" Bank . . . . (dishd. bill, etc.)	155	7	6	" 31	" Balance c/d . .	514	16	1		
		<u>£790</u>	<u>12</u>	<u>5</u>			<u>£790</u>	<u>12</u>	<u>5</u>		
Jan. 31	To Balance b/d . .	514	16	1							

<i>Dr.</i>				B. BROWN				<i>Cr.</i>			
19..		<i>£</i>	<i>s.</i>	<i>d.</i>	19..		<i>£</i>	<i>s.</i>	<i>d.</i>		
Jan. 1	To Balance . . .	361	14	2	Jan. 10	By Cash . . . .	343	12	6		
" 13	" Sales . . . .	246	10	2	" 10	" Discount. . . .	18	1	8		
					" 15	" Returns . . . .	17	16	2		
					" 31	" Balance c/d . .	228	14	—		
		<u>£608</u>	<u>4</u>	<u>4</u>			<u>£608</u>	<u>4</u>	<u>4</u>		
Jan. 31	To Balance b/d . .	228	14	—							

Dr.				F. FLOWER				Cr.			
19..			£	s.	d.	19..			£	s.	d.
Jan. 1	To Balance . . .	250	12	2	Jan. 15	By Cash . . .	238	1	7		
" 18	" Sales . . .	209	12	4	" 15	" Discount . . .	12	10	7		
					" 31	" Balance c/d . .	209	12	4		
		£460	4	6			£460	4	6		
Jan. 31	To Balance b/d . .	209	12	4							

<i>Dr.</i>				C. COOK				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.		
Jan. 1	To Balance . . .	873	5	11	Jan. 22	By Cash . . . .	329	12	7		
" 27	" Sales . . . .	316	15	8	" 22	" Discount. . . .	43	13	4		
					" 31	" Balance c/d . .	316	15	8		
		<u>£1,190</u>	<u>1</u>	<u>7</u>			<u>£1,190</u>	<u>1</u>	<u>7</u>		
Jan. 31	To Balance b/d . .	316	15	8							

<i>Dr.</i>		GENERAL LEDGER ADJUSTMENT ACCOUNT						<i>Cr.</i>		
19..		£	s.	d.	19..		£	s.	d.	
Jan. 31	To Returns . . .	17	16	2	Jan. 1	By Ledger Balances	1,761	8	7	
" 31	" Cash and Disc't.	1,523	7	—	" 24	" Bills Receivable	155	7	6	
" 31	" Bills Receivable.	238	1	7		(dishd. bill).				
" 31	" Balance c/d . .	1,269	18	1	" 31	" Sales . . .	1,132	6	9	
.		£3,049	2	10			£3,049	2	10	
					Jan. 31	By Balance b/d . .	1,269	18	1	

EXERCISE IX—No. 14 (*contd.*).

## GENERAL LEDGER

<i>Dr.</i>			SALES ACCOUNT			<i>Cr.</i>		
				19..				
				Jan. 31	By Cash . . .	£ 27	s. 13	d. 5
				" 31	" Sundries . . .	1,132	6	9

<i>Dr.</i>			PURCHASES ACCOUNT			<i>Cr.</i>		
19..			£	s.	d.			
Jan. 31	To Cash . . .		24	15	2			
" 31	" Sundries . . .	1,563	7	11				

Dr.		BILLS RECEIVABLE ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
Jan. 1	To Balance . . .	375	-	-	Jan. 16	By Bank. . . .	120	-	-
" 15	" F. Flower . . .	238	1	7	" 23	" " . . . .	155	-	-
					" 26	" " . . . .	100	-	-
					" 31	" Balance c/d . .	234	1	7
		£613	1	7			£613	1	7
Jan. 31	To Balance b/d . .	238	1	7					

<i>Dr.</i>		BILLS PAYABLE ACCOUNT						<i>Cr.</i>		
19..		£	s.	d.	19..		£	s.	d.	
Jan. 15	To Bank . . . .	270	—	—	Jan. 1	By Balance . . . .	420	—	—	
" 19	" " . . . .	150	—	—	" 22	" G. Garnet . . . .	121	9	—	
" 31	" Balance c/d . .	121	9	—						
		£541	9	—			£541	9	—	
					Jan. 31	By Balance b/d . .	121	9	—	

<i>Dr.</i>			STOCK ACCOUNT			<i>Cr.</i>		
19..			£	s.	d.			
Jan. 1	To Balance . . .	1,000	-	-				

<i>Dr.</i>			SALARIES ACCOUNT			<i>Cr.</i>		
19..			£	s.	d.			
Jan. 31	To Cash . . .	42	10	8				

<i>Dr.</i>			WAGES ACCOUNT			<i>Cr.</i>		
19..			£	s.	d.			
Jan. 4	To Cash . . .	27	13	6				
" 11	" " . . .	31	14	8				
" 18	" " . . .	42	16	9				
" 25	" " . . .	30	6	10				

EXERCISE IX—No 14 (*contd.*).

<i>Dr.</i>		PETTY EXPENSES ACCOUNT						<i>Cr.</i>	
19.. Jan. 31	To Cash . . . .	£ 17	s. 4	d. 11					
<i>Dr.</i>		RENT, RATES, AND TAXES ACCOUNT						<i>Cr.</i>	
19.. Jan. 31	To Cash . . . .	£ 27	s. 19	d. 6					
<i>Dr.</i>		DISCOUNTS ALLOWED ACCOUNT						<i>Cr.</i>	
19.. Jan. 15	To F. Flower . .	£ 12	s. 10	d. 7					
" 31	" Sundries . .	75	10	9					
<i>Dr.</i>		DISCOUNTS RECEIVED ACCOUNT						<i>Cr.</i>	
					19.. Jan. 22	By G. Garnet . .	£ 6	s. 7	d. 10
					" 31	" Sundries . .	23	18	9
<i>Dr.</i>		RETURNS INWARDS ACCOUNT						<i>Cr.</i>	
19.. Jan. 15	To B. Brown . .	£ 17	s. 16	d. 2					
<i>Dr.</i>		RETURNS OUTWARDS ACCOUNT						<i>Cr.</i>	
					19.. Jan. 24	By F. Franklin . .	£ 10	s. 12	d. 8
<i>Dr.</i>		FURNITURE ACCOUNT						<i>Cr.</i>	
19.. Jan. 1	To Balance . . .	£ 200	s. -	d. -					
<i>Dr.</i>		PLANT AND MACHINERY ACCOUNT						<i>Cr.</i>	
19.. Jan. 1	To Balance . . .	£ 1,700	s. -	d. -					
<i>Dr.</i>		CAPITAL ACCOUNT						<i>Cr.</i>	
					19.. Jan. 1	By Balance . . .	£ 4,929	s. 16	d. -

EXERCISE IX—No. 14 (*contd.*).

Dr.				DRAWINGS ACCOUNT				Cr.			
19..		£	s.	d.							
Jan. 27	To Cash . . . .	50	—	—							

Dr.				BOUGHT LEDGER ADJUSTMENT ACCOUNT				Cr.			
19..		£	s.	d.	19..		£	s.	d.		
Jan. 31	To Cash and Disct..	478	15	9	Jan. 1	By Ledger Balances	606	12	7		
" 31	" Returns O/wards	10	12	8	" 31	" Purchases . .	1,563	7	11		
" 31	" Bills Payable										
	and Discount .	127	16	10							
" 31	" Balance c/d . .	1,552	15	3							
		£2,170	—	6			£2,170	—	6		
					Jan. 31	By Balance b/d . .	1,552	15	3		

Dr.				SALES LEDGER ADJUSTMENT ACCOUNT				Cr.			
19..		£	s.	d.	19..		£	s.	d.		
Jan. 1	To Ledger Balances	1,761	8	7	Jan. 31	By Returns I/wards	17	16	2		
" 31	" Sales . . . .	1,132	6	9	" 31	" Cash and Disct..	1,523	7	—		
" 31	" Bills Receivable.	155	7	6	" 31	" Bills Receivable	238	1	7		
	(dishonoured)				" 31	" Balance c/d . .	1,269	18	1		
		£3,049	2	10			£3,049	2	10		
Jan. 31	To Balance b/d . .	1,269	18	1							

## GENERAL LEDGER TRIAL BALANCE

	£	s.	d.	£	s.	d.
Cash . . . . .	50	—	—			
Bank . . . . .	1,382	12	7			
Stock . . . . .	1,000	—	—			
Sales Ledger Adjustment Account	1,269	18	1			
Bills Receivable . . . . .	238	1	7			
Drawings Account . . . . .	50	—	—			
Wages . . . . .	132	11	9			
Salaries . . . . .	42	10	8			
Petty Expenses . . . . .	17	4	11			
Rent, Rates, and Taxes . . . . .	27	19	6			
Purchases . . . . .	1,588	3	1			
Returns Inwards . . . . .	17	16	2			
Discounts Allowed . . . . .	88	1	4			
Furniture Account . . . . .	200	—	—			
Plant and Machinery . . . . .	1,700	—	—			
Capital Account . . . . .				4,929	16	—
Bought Ledger Adjustment Account				1,552	15	3
Sales . . . . .				1,160	—	2
Returns Outwards . . . . .				10	12	8
Discounts Received . . . . .				30	6	7
Bills Payable . . . . .				121	9	—
	£7,804	19	8	£7,804	19	8

## EXERCISE IX—No. 17.

<i>Dr.</i>				JOINT ACCOUNT OF ADAM & BELL				<i>Cr.</i>			
		£	s. d.			£	s. d.			£	s. d.
19..					19..						
June 25	To Adams	1,600	—	—	July 10	By Bell	892	10	—		
" 25	" Bell	1,350	—	—	" 17	" Adams	630	—	—		
" 25	" Adams (Exs.)	25	—	—	" 29	" Bell	819	—	—		
" 25	" Bell (Exs.)	10	—	—	Aug. 5	" Bell	756	—	—		
" 25	" Adams (Com.)	31	10	—	Sept. 30	" Adams	400	—	—		
" 25	" Adams (Exs.)	7	16	—							
July 10	" Bell (Com.)	44	12	6							
" 29	" Bell (Exs.)	40	19	—							
Aug. 5	" Bell (Com.)	37	16	—							
Sept. 30	" Adams (Com.)	20	—	—							
" 30	" Profit (£164/18/3 to each partner)	329	16	6							
		£3,497	10	—						£3,497	10 —

<i>Dr.</i>				JOINT ACCOUNT IN ADAM'S BOOKS				<i>Cr.</i>			
		£	s. d.			£	s. d.			£	s. d.
19..				19..							
July 17	To Pictures	630	—	—	June 25	By Pictures	1,600	—	—		
Sept. 30	" Pictures	400	—	—	" 25	" Cash (Exs.)	32	16	—		
Oct. 5	" Bell	819	4	3	July 17	" Commission	31	10	—		
					Sept. 30	" Commission	20	—	—		
					" 30	" Share of Profit	164	18	3		
		£1,849	4	3						£1,849	4 3

(The Joint Account in Bell's books is appended, but *only* to show how the clearance of the venture is affected.)

<i>Dr.</i>				JOINT VENTURE IN BELL'S BOOKS				<i>Cr.</i>			
		£	s. d.			£	s. d.			£	s. d.
19..				19..							
July 10	To Pictures	892	10	—	June 25	By Pictures	1,350	—	—		
" 29	" Pictures	819	—	—	" 25	" Cash (Exs.)	10	—	—		
Aug. 5	" Pictures	756	—	—	July 10	" Commission	44	12	6		
					" 29	" Commission	40	19	—		
					Aug. 5	" Commission	37	16	—		
					Sept. 30	" Share of Profit	164	18	3		
					Oct. 5	" Adams	819	4	3		
		£2,467	10	—						£2,467	10 —

## EXERCISE IX—No. 18

<i>Dr.</i>		LEASE ACCOUNT				<i>Cr.</i>			
		£	s.	d.			£	s.	d.
1934					1935				
Apr. 1	To Cash	13,200	—	—	Mar. 31	By Repairs	88	—	—
" 1	" Costs of Acquisition	220	—	—	" 31	" Depreciation	1,280	—	—
" 1	" Alterations	770	—	—	" 31	" Balance c/d	12,820	—	—
		<u>£14,190</u>	—	—			<u>£14,190</u>	—	—
1935									
Mar. 31	To Balance b/d	12,820	—	—					

Dr.		MOTOR CAR ACCOUNT				Cr.			
1934		£	s.	d.	1934		£	s.	d.
Apr. 1	To Balance . . . . .	170	—	—	June 30	By Creditor . . . . .	120	—	—
June 30	„ Creditor . . . . .	300	—	—	„ 30	„ Depreciation (3 months@20%)	8	10	—
					1935				
					Mar. 31	„ P. & L. A/c (loss on sale) . . . . .	41	10	—
					„ 31	„ Balance c/d . . . . .	800	—	—
		<u>£470</u>	<u>—</u>	<u>—</u>			<u>£470</u>	<u>—</u>	<u>—</u>
1935									
Mar. 31	To Balance b/d . . . . .	£300	—	—					

## EXERCISE IX—No. 19.

SALES LEDGER									
Dr.		PRIVATE LEDGER ADJUSTMENT ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
	To Returns . . .	625	—	—		By Balance . . .	4,031	—	—
	" Cash . . .	31,125	—	—		" Sundry Debtors . . .	35,422	—	—
	" Discounts . . .	1,314	—	—					
	" Bills Receivable . . .	2,035	—	—					
	" Bought Ledger. . .	720	—	—					
	" Bought Ledger. . .	1,052	—	—					
	" Balance c/d . . .	2,582	—	—					
		£ 39,453	—	—			£ 39,453	—	—

PRIVATE LEDGER									
Dr.		SALES LEDGER ADJUSTMENT ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
	To Balance . . . . .	4,031	—	—		By Returns . . . . .	625	—	—
	„ Sales, as per S.B. . . . .	35,422	—	—		„ Cash . . . . .	31,125	—	—
						„ Discounts . . . . .	1,314	—	—
						„ Bills Receivable . . . . .	2,035	—	—
						„ Bought Ledger . . . . .	720	—	—
						„ Bought Ledger . . . . .	1,052	—	—
						„ Balance c/d . . . . .	2,582	—	—
		£	39,453	—			£	39,453	—

The balance represents the indebtedness of customers to the business.





EXERCISE IX—No. 20 (*contd.*).

## CAPITAL ACCOUNT

<i>Dr.</i>					BROWN					<i>Cr.</i>				
19..	To Joint Venture . . .	£	s.	d.	19..	By Cash . . . . .	£	s.	d.					
	„ Cash . . . . .	962	5	10		„ Interest . . . . .	7,450	—	—					
		6,673	19	2		„ (charged against venture)	186	5	—					
		<u>£7,636</u>	<u>5</u>	<u>—</u>			<u>£7,636</u>	<u>5</u>	<u>—</u>					

Robinson's share of loss equals  $\frac{17\frac{3}{4}}{480}$  of £3,100.Jones's                    „                    „                     $\frac{15\frac{8}{10}}{480}$  „Brown's                    „                    „                     $\frac{14\frac{2}{10}}{480}$  „*Dr.*

## CASH BOOK

*Cr.*

19..	To Capital Accounts—	£	s.	d.	19..	By Joint Account . .	£	s.	d.
	Robinson . . . . .	8,650	—	—		(purchases of pig iron)	24,000	—	—
	Jones . . . . .	7,900	—	—		„ Capital Accounts—			
	Brown . . . . .	7,450	—	—		Robinson . . . . .	7,748	19	2
	„ Joint Venture . .	21,500	—	—		Jones . . . . .	7,077	1	8
	(Proceeds of sale of pig iron)					Brown . . . . .	6,673	19	2
		£45,500	—	—			£45,500	—	—



EXERCISE IX—No. 23 (*conid.*).

## SALES BOOK

19..		£	s.	d.	£	s.	d.
July 1	R. Scott—						
	520 tons Silkstone Coal @ 12/6 per ton .	325	-	-			
	Wagon Hire (520 tons @ 9d. per ton) .	19	10	-	344	10	-
	<i>Total of Invoice . . . . .</i>				£344	10	-

## CASH BOOK

(Debit Side)

19..		£	s.	d.
July 1	To R. Scott ( $\frac{1}{2}$ of value of Invoice) . . . . .	172	5	-

## LEDGER

Dr.				R. SCOTT				Cr.					
19..				£	s.	d.	19..				£	s.	d.
July	1	To Sales	.	344	10	-	July	1	By Cash	.	172	5	-
"	1	" Commission	.	1	14	5	"	1	" Bills Receivable	.	176	2	6
"	1	" Discount	.	2	3	1							
				<u>£348</u>	<u>7</u>	<u>6</u>					<u>£348</u>	<u>7</u>	<u>6</u>

*Note.*—It has been thought unnecessary to elaborate all the "single item" Ledger accounts.

## EXERCISE IX—No. 24.

See *Advanced Accounts*, pages 37 (under "Profit and Loss Account") to 42 (inclusive).

THE FLYAWAY BICYCLE CO.

[illegible]

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19..										Cr.	
Dr.											
		£	s.	d.	By Trading Account.				£	s.	d.
To Sundry Branch Expenses	•	8,000	—	—					65,180	—	—
" Travellers' Salaries	•	3,000	—	—							
" Agents' Commissions	•	1,800	—	—							
" Bad Debts	•	1,650	—	—							
" Depreciation—	•										
Plant and Machinery	•	1,250	—	—							
" Balance, Net Profit	•	49,480	—	—							
		£ 65,180	—	—					£ 65,180	—	—

## EXERCISE IX—No. 26.

## I. IRON'S LEDGER

Dr.				S. STEEL				Cr.			
19.. Mar. 1	To Bills Payable . . .	£ 126	s. 10 d. 6	19.. June 4	By Cash . . . . .	£ 126	s. 10 d. 6				

Dr.		BILLS PAYABLE ACCOUNT						Cr.		
19.. June 4	To Cash . . .	£ 126	s. 10	d. 6	19.. Mar. 1	By S. Steel . . .	£ 126	s. 10	d. 6	

CASH ACCOUNT (Bank Column)									
Dr.					Cr.				
19.. June 4	To S. Steel . . .	£	s.	d.	19.. June 4	By Bills Payable . . .	£	s.	d.
		126	10	6			126	10	6

## S. STEEL'S LEDGER

<i>Dr.</i>		I. IRON				<i>Cr.</i>			
19.. June 4	To Cash . . .	£ 126	s. 10	d. 6	19.. Mar. 1	By Bills Receivable . . .	£ 126	s. 10	d. 6

<i>Dr.</i>		BILLS RECEIVABLE ACCOUNT						<i>Cr.</i>		
19.. Mar. 1	To I. Iron . . .	£ 126	s. 10	d. 6	19.. Mar. 1	By Cash . . .	£ 126	s. 10	d. 6	

CASH ACCOUNT									
Dr.					Cr.				
(Bank Column)									
19..					19..				
Mar. 1	To Bills Receivable	£	s.	d.	Mar. 1	By Bankers' Discount	£	s.	d.
		126	10	6	June 4	„ I. Iron	126	10	6

Dr.		BANKERS' DISCOUNT ACCOUNT					Cr.	
19.. Mar. 1	To Cash . . .	£ 1	s. 2	d. 2				

EXERCISE IX—No. 27.

(FIXED CAPITAL FORM)

MESRS. A. ALLOTT & J. JONES

BALANCE SHEET AS AT 31ST DECEMBER, 19..

		LIABILITIES.				ASSETS.							
				£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
N. Notley's Loan Account													
Bills Payable . . . . .						750	—			29	—		
Sundry Creditors . . . . .				1,140	—	247	—			820	—		
Less Discount Reserve . . . . .				57	—					150	—		
Outstanding Expenses						1,083	—						
Capital Accounts—						32	—						
A. Allott . . . . .				3,440	—								
J. Jones . . . . .				3,440	—					2,800	—		
Current Accounts—						6,880	—			273	—		
A. Allott:													
Interest on Capital . . . . .				172	—							2,527	—
Share of Profit . . . . .				1,025	—							1,200	—
Less Drawings . . . . .				1,197	—					120	—	450	—
J. Jones:				500	—					6	—	530	—
Interest on Capital . . . . .				172	—								
Share of Profit . . . . .				1,025	—					1,400	—		
Less Drawings . . . . .				1,197	—					140	—		
Unexpired Amounts—				500	—					2,050	—		
Insurance, Telephone Rent, and Trade Subscriptions										50	—		
						697	—					2,000	—
						10,386	—					27	—
						£ 10,386	—					£ 10,386	—

**EXERCISE IX—No. 27 (contd.).**

(ALTERNATIVE FORM)

The second form of Balance Sheet differs only in the statement of the Partners' Capitals, which accounts are appended.

LIABILITIES.				LIABILITIES.			
<i>A. Allot—</i>	<i>£</i>	<i>s.</i>	<i>d.</i>	<i>J. Jones—</i>	<i>£</i>	<i>s.</i>	<i>d.</i>
Balance, 1st Jan. . . . .	3,440	—	—	Balance, 1st Jan. . . . .	3,440	—	—
Add Interest . . . . .	1,172	—	—	Add Interest . . . . .	1,172	—	—
" Share of Profit . . . . .	1,025	—	—	" Share of Profit . . . . .	1,025	—	—
Less Drawings . . . . .	4,637	—	—	Less Drawings . . . . .	4,637	—	—
	500	—	—		500	—	—
	4,137	—	—		4,137	—	—

**EXERCISE IX—No. 28. G. GREGORY IN ACCOUNT CURRENT WITH N. NORTON**

Date.	Particulars.	Due Date.	Days.	Pro-ducts.	Amount.	Date.	Particulars.	Due Date.	Days.	Pro-ducts.	Amount.	<i>£</i>	<i>s.</i>	<i>d.</i>
19..	To Goods . . . . .	Jan. 1	180	£ 50,400	280	19..	By Cash . . . . .	Feb. 15	135	£ 13,500	100	—	—	—
Jan. 1	" Bills Pble. . . . .	Apr. 6	85	17,000	—	Feb. 15	" Goods . . . . .	Mar. 2	120	82,800	690	—	—	—
Mar. 3	" Cash . . . . .	" 11	80	16,000	200	Mar. 2	" Goods . . . . .	May 11	50	8,500	170	—	—	—
Apr. 11	" Goods . . . . .	May 31	30	6,960	232	May 11	" Goods . . . . .	July 31	31	8,990	290	—	—	—
" 30	" Goods . . . . .	" 31	30	7,500	250	June 15	" Bal. of Products			2,050		—	—	—
May 31	" Red Ink . . . . .	" 31		8,990	—	" 30						—	—	—
June 30	" Int. as <i>per contra</i>				5 7							—	—	—
" 30	" Interest . . . . .			106,850	—							—	—	—
" 30	" Bal. c/d . . . . .				87 14 5	June 30	By Bal. b/d . . . . .					£1,250	—	—
					£1,250							87 14 5	—	—

## AVERAGE DUE DATE

$\frac{101,900}{1,790}$   
 = 57 days. Average due date = 18th April + 57 days = 14th June. Amount due to be paid, £1,790.

## J. WALTERS &amp; B. DOVE

TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19..

Cr.

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EXERCISE IX—No. 30 (contd.).

Dr.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19..

Cr.

	£	s.	d.	£	s.	d.	By Trading Account	£	s.	d.
To Repairs and General Charges				177	—	—				
" Stationery and Office Expenses				350	—	—				
" Electric Light				92	—	—				
" Stable Expenses				234	—	—				
" Catalogues & Price Lists (writn. off)				122	—	—				
" Discount				91	—	—				
" Advertising				189	—	—				
" Office Salaries				851	—	—				
" Interest and Commission				374	—	—				
" Postage and Telegrams				132	—	—				
" Rent, Rates, and Taxes				513	—	—				
" Legal Expenses and Audit Fee				127	—	—				
" Travelling Expenses				409	—	—				
" Bad Debts Res. (amt. required)	500	—	—							
" Less Old Reserve	207	—	—							
" Depreciation—										
Land & Bldgs. (amt. writn. off)	500	—	—	293	—	—				
Plant and Machinery	674	6	—							
(10% of £6,743)										
Boiler and Heating Apparatus.	49	16	—	1,224	2	—				
(10% of £498)										
" Interest on Capital Accounts—										
J. Walters (5% of £20,231)	1,011	11	—							
B. Dove (5% of £17,217)	860	17	—							
" Bal., Net Profit to Capital A/cs—										
J. Walters, $\frac{2}{3}$ share.	1,049	2	—	1,872	8	—				
B. Dove, $\frac{1}{3}$ share.	699	8	—							
				1,748	10	—				
				£8,799	—	—				
								£8,799	—	—

EXERCISE IX—No. 3<sup>a</sup> (contd.).

J. WALTERS & B. DOVE

BALANCE SHEET AS AT 30TH JUNE, 19..

LIABILITIES.		£	s.	d.	£	s.	d.	£	s.	d.
Sundry Creditors . . .	.	.	.	.	.	.	.	.	.	.
Capital Accounts—										
<i>J. Walters :</i>										
Balance, 1st July . . .	.	20,231	—	—	9,693	—	—	2,806	—	—
Add Interest . . .	.	1,011	11	—				271	—	—
„ Share of Profit . . .	.	1,049	2	—					—	—
		22,291	13	—				11,948	—	—
Less Drawings . . .	.	1,500	—	—				11,247	—	—
								1,312	—	—
		17,217	—	—	20,791	13	—	448	4	—
<i>B. Dove :</i>										
Balance, 1st July . . .	.	860	17	—				6,743	—	—
Add Interest . . .	.	699	8	—				674	6	—
„ Share of Profit . . .	.									
		18,777	5	—				14,661	—	—
Less Drawings . . .	.	1,000	—	—				500	—	—
					17,777	5	—	14,161	—	—
					£ 48,261	18	—	£ 48,261	18	—



BALANCE SHEET, AS AT 31ST DECEMBER, 19..

	LIABILITIES.	<i>£</i>	<i>s.</i>	<i>d.</i>	<i>£</i>	<i>s.</i>	<i>d.</i>	<i>£</i>	<i>s.</i>	<i>d.</i>
	<i>Outstanding Expenses—</i>							Cash . . . . .	.	.
	Rent of Hall . . . . .	8	—	—	17	10	—	Debentures. (10 £100 Bonds)	.	.
	Printing . . . . .	9	10	—					.	.
	<i>Capital Account—</i>								.	.
	Balance—1st Jan. . . . .	1,000	—	—					.	.
	Add Surplus of Income and Expenditure Account . . . . .	298	—	—	1,298	—	—		.	.
					£1,315	10	—	£1,315	10	—

CASH ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19..

Jan.-Dec.	To Subscriptions . " Receipts from Lectures and Concerts. " Interest on Investments	£	s.	d.	Jan.-Dec.	By Rent " Petty Expenses " Advertising " Printing " Balance b/d	£	s.	d.
							110	-	-
							232	-	-
							38	-	-
							<u>£380</u>	-	-
							315	10	-
Dec. 31	To Balance b/d	.	.	.			<u>£380</u>	-	-

EXERCISE X—No. 3.

THE CARLTON CLUB

Dr. INCOME AND EXPENDITURE ACCOUNT, FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

	£		s. d.		£		s. d.		£		s. d.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
EXPENDITURE.												
To Rent, Rates, and Taxes due	.	.	50	—	By Subscriptions.	.	.	.	100	—	.	.
" Fuel and Gas	.	.	40	—	" Refreshments.	.	.	.	60	—	.	.
" Caretaker's Wages	.	.	68	—	" Billiard Room.	.	.	.	100	—	.	.
" Printing and Stationery	.	.	30	—	" Refreshment Room.	.	.	.	20	—	.	.
" Repairs	.	.	12	—	" Sundry Hitting.	.	.	.	180	—	.	.
" Salaries	.	.	100	—	" Donations	.	.	.	50	—	.	.
" Balance (surplus of Income over Expenditure)	.	.	130	—								
			£430	—					£430	—		

EXERCISE X—No. 4.

"GREEN LANES" GOLF CLUB

Dr. REVENUE ACCOUNT, FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

	£		s. d.		£		s. d.		£		s. d.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
To Club Manager's Salary	.	.	250	—	By Subscriptions from Members	.	.	.	735	—	.	.
" Greenkeeper's Wages	.	.	150	—	" (140 @ £5/5/-)	.	.	.	231	—	.	.
" Rent	.	.	550	—	" Additional Members' Entrance Fees.	.	.	.	966	—	.	.
" Interest on Loan	.	.	36	—	" (220 @ £1/1/-)	.	.	.	483	—	.	.
" Cost of Annual Dinner	.	.	100	—	Less Transfer to Capital	.	.	.			.	.
" Sundry Expenses	.	.	53	8	" New Members' Subscriptions	.	.	.			.	.
" Taxes and Insurance	.	.	72	13	" (220 @ £5/5/-)	.	.	.			.	.
" Servants' Wages	.	.	53	5	" Interest on Deposit Account	.	.	.			.	.
" Fuel, Lighting, and Cleaning	.	.	53	10	" Profit on Sale of Liquors, etc.	.	.	.			.	.
" Repairs (Plumber's)	.	.	5	2	" Grazing Rent (½ year to 30th June)	.	.	.	22	10	.	.
" Repairs (Joiner's)	.	.	7	3	" Add amount due for ½ yr. to 31st Dec.	.	.	.	22	10	.	.
" Printing and Stationery	.	.	38	15								
" Depreciation—	.	.										
Club Premises (8% of £968/15/10)	.	.	29	1								
Furniture (2½% of £55/13/6)	.	.	1	7								
Furnishings (15% of £25/10/2)	.	.	3	16								
" Balance (surplus of Income over Expenditure)	.	.	334	15								
			£1,743	19 11					£1,743	19 11		

"GREEN LANES" GOLF CLUB

BALANCE SHEET AS AT 31ST DECEMBER, 19...

EXERCISE X.—No. 5.

## “BARTIMAEUS” HOME FOR THE BLIND

INCOME AND EXPENDITURE ACCOUNT, FOR THE YEAR ENDED 31ST DECEMBER, 19..

*Note.*—The "Creighteen" Endowment Fund Capital and Income Accounts are fully worked in *Advanced Accounts*, pages 334 and 335.



## KREEK FFYNCHE NURSING HOME

Cr.

	£	s.	d.	f.	s.	d.	£	s.	d.
To Salaries of Nurses and Superintendent Wages . . . . .				362	8	5			
" Salary of Secretary . . . . .				124	14	9			
" Provisions Purchased . . . . .				300	-	-			
" Less Amount of Provisions in hand .	383	7	10						
Total . . . . .	37	13	4						
Taxes and Insurance . . . . .				345	14	6			
" Stationery, Printing, etc. . . . .				86	16	6			
" Sundry Expenses . . . . .				120	16	8			
" Fuel, Lighting, and Cleaning . . . .				18	15	5			
Auditor's Fees . . . . .				108	18	8			
" Depreciation— Premises ( $\frac{23}{100}$ of £4,250/12/6) Furniture ( $\frac{5}{100}$ of £827/13/4) . . . . .	106	5	4						
Total . . . . .	41	7	8						
Repairs . . . . .				147	13	-			
Collector's Commission . . . . .				238	3	10			
" Medical and Surgical Appliances . .				36	11	9			
Total . . . . .				106	10	5			
Total . . . . .							£2,001	18	5

BALANCE SHEET AS AT 31ST DECEMBER, 19..

[illegible]



**EXERCISE X—No. 8.***Dr.*      LEDGER OF MESSRS. TUDOR & MANN, LTD.      *Cr.*

		£	s. d.			£	s. d.
1938				1938			
Sept. 30	To J. Smith. . . .	165	10 -	Nov. 16	By Cash . . . .	55	3 4
" 30	" K. Brown . . . .	18	5 -	Dec. 9	" " . . . .		18 3
1939				" 30	" " . . . .	8	-
Mar. 31	" O. Robinson . . . .	43	3 10	1939			
" 31	" N. White . . . .	102	5 4	Mar. 31	Balance b/d . . . .	265	2 7
		£329	4 2			£329	4 2
1939		£	s. d.	1939		£	s. d.
Mar. 31	To Balance . . . .	265	2 7	Mar. 31	By Profit and Loss A/c	376	- 7
" 31	" Bad Debts Reserve . . . .	110	18 -			£376	- 7
		£376	- 7				

*Dr.*      PROFIT AND LOSS ACCOUNT      *Cr.*

		£	s. d.				
1939							
Mar. 31	To Bad Debts . . . .	376	- 7				

(a) Reserve 1938 was	£221 10 -	
+ 2½ per cent of £1,639 10s. less £221 10s.	402 14 -	£624 4 -
Reserve 1939 was	£492 10 -	
+ 2½ per cent of £10,196 10s. less £492 10s.	242 12 -	£735 2 -
Additional charge to Bad Debts Account . . . .	£110 18 -	

**EXERCISE X—No. 9.**

This is as Example on pages 328-330 (inclusive) of *Advanced Accounts*, except that No. 9 is double the figures employed in the Example.

EXERCISE X—No. 10.

SLEETHORPE PROGRESSIVE CLUB

Dr.

INCOME AND EXPENDITURE ACCOUNT, FOR THE YEAR ENDED 31ST DECEMBER, 19..:

Cy.

	£	s.	d.	£	s.	d.
To Printing and Stationery . . . . .				127	13	8
" Repairs . . . . .				175	10	2
" Salary of Secretary . . . . .				129	10	2
" Servants' Wages . . . . .				372	13	6
" Rent . . . . .				250	0	0
" Rates and Taxes . . . . .				78	10	6
" Fuel, Lighting, Cleaning, and Washing . . . . .				257	13	7
" Legal Expenses . . . . .				6	6	—
" Expenses of Social . . . . .				20	10	10
" Depreciation— Furniture and Fixtures . . . . .	47	11	7			
" (10% of £475/15s)						
Alterations and Improvements to Premises . . . . .	120	—	—	167	11	7
Balance, surplus of Income over Ex- penditure . . . . .				230	18	7
				£1,807	8	5

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.			ASSETS.		
	£	s. d.		£	s. d.
Creditors . . . . .	.	.	Cash in hand	.	.
<i>Capital Account—</i>			" at Bank	.	.
Balance, 1st Jan.	1,257	15 5	Debtors	.	.
Add surplus of Income over Ex-	230	18 7	Stock of Wine	.	.
pense . . . . .			Furniture and Fittings.	.	.
			Less Depreciation .	.	.
			Alterations and Improvements to Pre- mises . . . . .	.	.
			Less Depreciation	.	.
				980	15 3
				120	—
				830	15 3
				£1,963	17 4
				£1,963	17 4

# **EXERCISE X—No. 11.**

The criticisms are set out in the Answers to Exercises at the end of *Advanced Accounts*.

# **EXERCISE X—No. 12.**

## **LUMLEY AVIATION CLUB**

INCOME AND EXPENDITURE ACCOUNT, FOR THE YEAR ENDED 31ST DECEMBER, 19..				Cr.					
				£	s.	d.	£	s.	d.
To Salaries . . . . .	327	10	6						
" Deputation Fees & Expenses . . . . .	40	—	—						
" Cost of Annual Dinner and Entertainment . . . . .	72	13	11	By Subscriptions . . . . .	1,272	10	6		
" Journal Expenses . . . . .	146	8	5	" Interest on Investments . . . . .	44	2	3		
" Postages . . . . .	15	—	4	" Proceeds of Sale of Journal . . . . .	175	15	4		
" General Expenses . . . . .	10	14	9						
" Printing and Stationery . . . . .	37	2	7						
" Year Book Expenses . . . . .	136	7	6						
" Rent, Rates, and Taxes . . . . .	346	12	6						
" Fuel, Lighting, and Cleaning . . . . .	56	6	2						
" Lecture Expenses . . . . .	75	—	6						
" Legal Expenses . . . . .	7	12	6						
" Auditors' Fees . . . . .	10	10	—						
" Balance (surplus of income over expenditure) . . . . .	210	9	5						
	£1,492	8	1		£1,492	8	1		

## RECEIPTS AND PAYMENTS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cf.

EXERCISE X—No. 14.

C. BARRAND IN ACCOUNT CURRENT WITH P. SMITH

Cr.

**EXERCISE X—No. 15.**

13th April:	£3,500	zero	
11th May:	£5,200	28 days =	£145,600
12th June:	£2,300	60 „ =	£138,000
	<u>£11,000</u>		<u>£283,600</u>

Average due date:  $\frac{283,600}{11,000} = 26$  days beyond 13th April = 9th May.

A bill for £11,137 10s. must be drawn payable 12th August, 19.. (allowing for 3 days' grace).

**EXERCISE X—No. 16.**

See *Advanced Accounts*, pages 14-15 (under "Reconciliation Account").

**EXERCISE X—No. 17.**

A Suspense Account is raised for items upon which queries have been entertained, and for that reason they are in suspense until the doubts have been cleared. It is also used as a TOTAL account for outstanding and unexpired values.

- (a) I. A Claim pending settlement.  
 II. Unexpired Values of Insurance, etc.  
 III. Outstanding Amounts for Rent, Wages, etc.
- (b) I. Disagreement of Trial Balance.  
 II. Expenditure not allocated, i.e. Incidental Expenses.  
 III. Any errors or omissions in posting which an indifferent staff may wish to cover—instead of adjust.

*Note.*—A Suspense Account is sometimes called "A Difference in Books Account," when it is raised for purposes stated under "b."

**EXERCISE X—No. 18.**

See *Advanced Accounts*, page 19 (under "Advantages" and "Disadvantages" respectively).

**EXERCISE X—No. 19.****JOURNAL OF JACKSON & CO.**

19..		£	s.	d.	£	s.	d.
	Williamson & Co. . . . .	1	7	9			
	To Commission . . . . .					12	4
	1% of £61/13/4.						
	To Discount . . . . .					15	5
	5% of £61/13/4 for 3 mos.						
	<hr/>	63	1	1	63	1	1
	Bills Receivable . . . . .						
	To Williamson & Co. . . . .						
	Bill drawn @ 3 mos. for value of invoice plus commission and discount as arranged.						
	<hr/>	£64	8	10	£64	8	10

EXERCISE X—No. 19 (*contd.*).

## SALES BOOK

19..		£	s.	d.
	Williamson & Co.—			
	25 tons Hematite Iron @ 49/4 . . . .	61	13	4
	Terms : Cash 1 mo.			

## CASH BOOK

(DEBIT SIDE)

19..		£	s.	d.
	To Bills Receivable . . . . .	63	1	1

## LEDGER

<i>Dr.</i>		WILLIAMSON & Co.			<i>Cr.</i>	
19..		£	s.	d.	19..	
	To Sales . . . .	61	13	4		By Bills Receivable . .
	„ Commission . .		12	4		
	„ Discount . . .		15	5		
		£63	1	1		

<i>Dr.</i>		BILLS RECEIVABLE ACCOUNT			<i>Cr.</i>	
19..		£	s.	d.	19..	
	To Williamson & Co. . .	63	1	1		By Cash . . . . .

*Cy.*

GENERAL LEDGER ADJUSTMENT ACCOUNT (IN SALES LEDGER)

Dr.

Cr.

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EXERCISE X—No. 23 (*contd.*).

## CASH BOOK

(M. MOON'S)

<i>Dr.</i>				<i>Cr.</i>			
				Bank.			
				£	s.	d.	
19..							
Apr. 1	To Bills Receivable	.		150	-	-	
19..							
Apr. 1	By Banker's Discount	.		1	8	2	
	" S. Sund	.		74	5	11	
July 4	" S. Sund	.		75	-	-	

## M. MOON'S LEDGER

S. SUND

<i>Dr.</i>				<i>Cr.</i>			
				£	s.	d.	
19..							
Apr. 1	To Cash	.		74	5	11	
" 1	" Discount	.			14	1	
July 4	" Cash	.		75	-	-	
				£150	-	-	
19..							
Apr. 1	By Bills Receivable	.		150	-	-	
				£150	-	-	

*Dr.*

## BILLS RECEIVABLE ACCOUNT

*Cr.*

				£	s.	d.	
19..							
Apr. 1	To S. Sund	.		150	-	-	
19..							
Apr. 1	By Bank	.		150	-	-	

*Dr.*

## DISCOUNT ACCOUNT

*Cr.*

				£	s.	d.	
19..							
Apr. 1	To Bank	.		1	8	2	
				£1	8	2	
19..							
Apr. 1	By S. Sund	.			14	1	
	" Profit and Loss	.			14	1	
					£1	8	2

EXERCISE X—No. 24.

A. STEVENSON & L. LANNG'S JOINT CONSIGNMENT ACCOUNT

Cr.

Dr.

	Mths.	Int.	Amount.		Amount.
19..					
Jan. 1	5	£ s. d. 22 18 4	£ 1,100	By Account Sales	£ 1,640
" 1	5	1 9 2	70	" Interest (1 mo. @ 5% on £1,640)	—
" 1	5	10 5	25		6
" 1	5	1 3	2		16
Feb. 1	4	10 —	30		8
" 1	4	13 4	40		
Apr. 30	1	2 6	30		
" 30	1	8 4	100		
May 31			26 13 4		
" 31			111 4 8		
" 31			111 4 8		
			£1,646 16 8		£1,646 16 8

## JOINT CONSIGNMENT ACCOUNT IN L. LANNG'S BOOKS

<i>Dr.</i>		Mths.	Int.		Amount.			<i>Cr.</i>
19.. 1	To Goods . . .	5	£	s. d.	£	s. d.	£	s. d.
Jan. 1	" Carriage . . .	5	22	18 4	1,100	—	600	—
" 1	" Insurance . . .	5	1	9 2	70	—	7	10
" 1	" Loss on Bill . . .	5	10	5	25	4	—	—
" 1	" Interest . . .	5	1	3	2	10	—	—
May 31	" Share of Profit on Vent.				24	19 2		
" 31					111	4 8		
					£1,333	17 10	£1,333	17 10

**EXERCISE X—No. 25.**

*Dr.*

MESSRS. J. SKINNER & H. FULLER  
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

*Cr.*

	£	s.	d.	£	s.	d.	£	s.	d.	
To Stock, 1st Jan. . . . .	10,724	12	5	7,047	11	4	By Sales . . . . .	28,990	15	—
" Purchases . . . . .	351	4	6				Less Returns Inwards . . . . .	1,240	5	—
Less Returns Outwards . . . . .							" Stock, 31st Dec. . . . .			
" Carriage Inwards . . . . .				10,373	7	11				
" Wages (Factory and Warehouse) . . . . .				374	3	3				
" Manufacturing Expenses . . . . .				2,356	17	4				
" Balance, Gross Profit c/d . . . . .				371	12	4				
				14,181	10	—				
				£ 34,705	2	2				
To Office Salaries . . . . .				979	7	6	By Trading Account . . . . .	34,705	2	2
" General Expenses . . . . .				174	19	7	" Rents Received . . . . .	14,181	10	—
" Rates, Taxes, and Insurance . . . . .	470	4	10					78	—	—
Less Insurance Unexpired . . . . .	£18 8 2									
" Rates Paid in Advance . . . . .	24 7 6			42	15	8				
Repairs and Renewals . . . . .				427	9	2				
" Legal Expenses and Audit Fee . . . . .				142	3	—				
" Travellers' Expenses and Commission . . . . .				67	2	—				
" Advertising (20% of £27,750/10/- [Net Sales]) . . . . .				547	—	7				
" Discount Account . . . . .				5,550	2	—				
" Carriage Outwards . . . . .				124	18	1				
" Postages and Stationery . . . . .				537	4	7				
" Bad Debts . . . . .				243	14	1				
" Bad Debts Reserve (2½ of £7,982/13/4) . . . . .				141	9	4				
" Depreciation—				199	11	4				
Plant, Machinery, etc. (10% of £1,489/6/8) . . . . .				148	18	8				
Interest on Capital Accounts—										
" J. Skinner (5% of £11,679/3/11) . . . . .	583	19	3							
" J. Skinner (5% of £1,000 for 6 mos.) . . . . .	25	—	—							
" H. Fuller (5% of £11,679/3/11) . . . . .	583	19	3							
Balance, Net Profit c/d . . . . .				1,192	18	6				
				3,780	11	7				
				£ 14,257	10	—				
To Reserve for Employees (½ share) . . . . .				756	2	3	By Net Profit b/d . . . . .	14,257	10	—
" J. Skinner's Capital Account (½ share) . . . . .				1,512	4	8				
" H. Fuller's Capital Account (½ share) . . . . .				1,512	4	8				
				£3,780	11	7				

EXERCISE X—No. 25 (contd.).

MESSRS. J. SKINNER & H. FULLER

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.				ASSETS.									
£	s.	d.		£	s.	d.							
Sundry Creditors	.	.	.	3,641	12	2	Cash in hand	.	.	.	112	12	7
Reserve for Employees	.	.	.	756	2	3	Cash at Bank	.	.	.	1,110	19	—
Capital Accounts—													
J. Skinner:													
Balance, 1st Jan.	.	11,679	3 11				Sundry Debtors	.	.	.	7,982	13	4
Add Interest	.	608	19 3				Less Bad Debts Reserve	.	.	.	199	11	4
" Share of Profit	.	1,512	4 8										
		13,800	7 10				Stock.	.	.	.	1,489	6	8
Less Drawings	.	971	10 —				Plant, Machinery, and Fixtures	.	.	.	148	18	8
							Less Depreciation	.	.	.			
							Advertising.	.	.	.	12,127	4	2
H. Fuller:							Less Amount written off	.	.	.	5,550	2	—
Balance, 1st Jan.	.	11,679	3 11										
Add Interest	.	583	19 3				Freehold Land and Buildings	.	.	.			
" Share of Profit	.	1,512	4 8				Unexpired Values—						
		13,775	7 10				Insurance	.	.	.	18	8	2
Less Drawings	.	842	12 6				Rates	.	.	.	24	7	6
				</									

## EXERCISE X—No. 26.

## JOURNAL

19..		£	s.	d.	£	s.	d.
	Joint Account . . . . .	1,050	—	—	1,050	—	—
	To Walker & Co. . . . .						
	For goods purchased on joint speculation with R. Roberts.						
	Marshman & Co. . . . .	650	—	—	650	—	—
	To Joint Account . . . . .						
	For sale of part of goods purchased on joint speculation.						
	Joint Account . . . . .	75	—	—	75	—	—
	To Commission . . . . .						
	5% of £1,500.						
	Joint Account . . . . .	160	—	—	160	—	—
	To R. Roberts . . . . .						
	For transfer of share of profit due to R. Roberts.						
		£1,935	—	—	£1,935	—	—

## PURCHASES BOOK

19..		£	s.	d.
	Joint Account . . . . .	400	—	—
	(Goods bought on Joint Account taken into stock).			

## LEDGER

<i>Dr.</i>				CASH ACCOUNT				<i>Cr.</i>			
19..		£	s. d.	19..		£	s. d.				
	To R. Roberts . . . . .	525	— —		By Joint Account . . . . .	55	— —				
	„ Joint Account . . . . .	450	— —		(Expenses)						
<i>Dr.</i>				JOINT ACCOUNT				<i>Cr.</i>			
19..		£	s. d.	19..		£	s. d.				
	To Walker & Co. . . . .	1,050	— —		By Marshman & Co. . . . .	650	— —				
	„ Cash (Expenses) . . . . .	55	— —		„ Cash . . . . .	450	— —				
	„ Commission . . . . .	75	— —		„ Purchases . . . . .	400	— —				
	„ R. Roberts . . . . .	160	— —								
	„ Profit and Loss . . . . .	160	— —								
		£1,500	— —			£1,500	— —				

## EXERCISE X—No. 27.

## JOURNAL OF DOBSON &amp; CO.

		£	s.	d.	£	s.	d.
19..							
May 8	Fred Hunting . . . . . <i>Dr</i>	400	—	—			
	To Braim & Son . . . . .				400	—	—
	Sale of Goods received on consignment inwards.						
„ 24	Braim & Son . . . . . <i>Dr</i>	35	15	—			
	To Handling Charges (5s. per ton on 20 tons) . . . . .				5	—	—
	To Commission (5 per cent of £615 value of sale of Goods received on consignment inwards) . . . . .				30	15	—

*Dr.*

## CASH BOOK OF DOBSON &amp; CO.

*Cr.*

		£	s.	d.		£	s.	d.
19..					19..			
May 24	To Cash (Auction Sales)	215	—	—	May 10	By Braim & Son (Carriage)	9	7 3
					„ 13	„ Braim & Son (Freight, etc.)	24	8 9
					„ 24	„ Braim & Son . . .	545	8 9

## LEDGER OF DOBSON &amp; CO.

*Dr.*

## BRAIM &amp; SON

*Cr.*

		£	s.	d.		£	s.	d.
19..					19..			
May 10	To Cash . . . . .	9	7	6	May 8	By F. Hunting . . .	400	—
„ 13	„ „ . . . . .	24	8	9	„ 12	„ Cash . . . . .	215	—
„ 24	„ Handling Charges . . . . .	5	—	—				
„ 24	„ Commission . . . . .	30	15	—				
„ 24	„ Bank . . . . .	545	8	9				
		£615	—	—		£615	—	—

## EXERCISE X—No. 28.

(a) See *Advanced Accounts*, page 214 (under “Definition”).(b) See *Advanced Accounts*, page 226 (under “Definition”).

For explanation of Uncompleted Consignments, see *Advanced Accounts*, page 217 (under “Balancing the Consignment Account”).

## EXERCISE X—No. 29.

## L. LACEY IN ACCOUNT CURRENT WITH B. BOOT

Cr.

Dr.

Date.	Particulars.	Due Date.	Amount.	Days.	Pro-ducts.	Date.	Particulars.	Due Date.	Amount.	Days.	Pro-ducts.
19..	To Balance . . . . .		£ 255 13	181	£ 46,336	19..	By Cash . . . . .		£ 120	140	£ 16,800
Jan. 1	" Bills Payable . . . . .		200	94	18,800	Feb. 10	" Goods . . . . .		478 9 10	127	60,706
Feb. 25	" Cash . . . . .	Mar. 28	150	112	16,800	" 23	" Goods . . . . .		226 19 4	42	9,534
Mar. 10	" Goods . . . . .		391 1	49	19,159	May 19	" Goods . . . . .		113 9 2	22	2,486
Apr. 12	" Cash . . . . .	May 12	100	15	1,500	June 8	" Cash . . . . .		200	5	1,000
Apr. 15	" Goods . . . . .		496 7 8	10	4,960	" 25	" Balance of Products.				17,029
June 20	" Goods . . . . .				£107,555	" 30	" Balance c/d . . . . .		456 10		£107,555
" 30	" Interest $\left(\frac{17,029 \times 10}{73,000}\right)$		2 6 8			" 30			£1,595 8 4		
June 30	To Balance b/d . . . . .		£1,595 8 4								
			456 10								



## EXERCISE X—No 30.

## JOURNAL

19..		£			s.			d.		
		£	s.	d.	£	s.	d.	£	s.	d.
	B. Bowman . . . . .	200	—	—				200	—	—
	To Bills Payable . . . . .									
	Our acceptance at 1 mo.									
	R. Brown . . . . .	350	—	—				350	—	—
	To B. Bowman . . . . .									
	Sale of part of goods received on con'ment.									
	Purchases Account . . . . .	300	—	—				300	—	—
	To B. Bowman . . . . .									
	Balance of goods received on consignment.									
	B. Bowman . . . . .	50	—	—				50	—	—
	To Commission . . . . .									
	5% of £1,000.									
		£900	—	—				£900	—	—

Dr.		CASH BOOK				Cr.			
19..		£	s.	d.	19..		£	s.	d.
	To B. Bowman (Sale of part of his consignment)	350	—	—		By B. Bowman (Cartage & Exps.)	20	—	—
						" B. Bowman (Balance due on his consignment)	730	—	—

LEDGER									
Dr.		B. BOWMAN				Cr.			
19..		£	s.	d.	19..		£	s.	d.
	To Cash . . . . .	20	—	—		By R. Brown . . . . .	350	—	—
	" Bills Payable . . . . .	200	—	—		" Cash . . . . .	350	—	—
	" Commission . . . . .	50	—	—		" Purchases . . . . .	300	—	—
	" Cash . . . . .	730	—	—					
		£1,000	—	—			£1,000	—	—

**EXERCISE XI—No. 1.**

The method adopted by the manufacturer is inadequate to the requirements of book-keeping.  
A suitable arrangement to follow would be as detailed below—

- (a) A Sales Book to be ruled with appropriate columns for "knitted mufflers," "sailors' jerseys," "woollen gloves," and a "total column" from which to post to customers' accounts.  
(b) The Ledger should contain separate "Sales" Accounts for the sales of each department, which would be posted from the Sales Book periodically.

**EXERCISE XI—No. 2.**

The provision trade having several departments would require subsidiary books suitably ruled to facilitate the checking of purchases and sales of its several departments. The Ledger would have separate accounts to correspond to the rulings of the subsidiary books. Appended is an example of a Purchases Book, suitably ruled.

Date.	Particulars.	Fol.	Total.		Butter.		Cheese.		Bacon.		Eggs.		Bottled Delicacies.		Tinned Meats.	
			£	s.	£	s.	£	s.	£	s.	£	s.	£	s.	£	s.
19..			£	s.	£	s.	£	s.	£	s.	£	s.	£	s.	£	s.



MESSRS. JEFFREY, SLATER & GIBBS

Dr. TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

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MESSRS. DAVIS & SMITH

## DEPARTMENTAL TRADING AND PROFIT AND LOSS ACCOUNTS, FOR HALF-YEAR ENDED 31ST DECEMBER, 19..

GENERAL PROFIT AND LOSS ACCOUNT FOR HALF-YEAR ENDED 31ST DECEMBER, 19..:

Gr.

MESSRS. DAVIS & SMITH

BALANCE SHEET AS AT 31ST DECEMBER, 19..

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EXERCISE XI—No. 6.

Dr.

DEPARTMENTAL TRADING AND PROFIT AND LOSS ACCOUNTS  
FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

	A Dept.			B Dept.			TOTAL.			A Dept.			B Dept.			TOTAL.			
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	
To Stock, 1st Jan. . . . .	7,251	4	2	6,946	12	8	14,207	16	10	By Sales . . . . .	47,328	14	1	31,552	9	5	78,881	3	6
" Purchases . . . . .	19,573	12	18	14,846	3	6	34,419	16	2	" Stocks, 31st Dec. . . . .	9,432	12	6	7,846	15	3	17,279	7	9
" Wages . . . . .	3,846	3	10	1,945	16	4	5,792	2	2										
" Balance, gross profits of Departments	26,080	3	11	15,660	12	2	41,740	16	1										
£	56,761	6	7	39,399	4	8	96,160	11	3	£	56,761	6	7	39,399	4	8	96,160	11	3
To Traveller's Commission . . . . .	2,700	6	3	1,800	4	2	4,500	10	5	By Trading Accounts . . . . .	26,080	3	11	15,660	12	2	41,740	16	1
" Rents, Rates, and Taxes . . . . .	690	3	6	1,460	2	4	2,950	5	10	" Discounts on Purchases . . . . .	249	18	9	166	12	6	416	11	3
" Salaries . . . . .	1,794	3	6	1,198	2	4	2,990	5	10	None.									
" Insurance (£367/10/6 - £26) . . . . .	204	18	4	138	12	2	341	10	6	B Dept. bears 3 of Expenses.									
" Directors' Fees . . . . .	900	—	—	600	—	—	1,500	3	4	B Dept. bears 3 of Expenses.									
" Postages, Telegrams, and Bill Stamps . . . . .	447	14	—	298	9	4	746	3	4										
" Exhibition Expenses . . . . .	1,105	16	9	737	4	6	1,843	1	3										
" Sundry Expenses . . . . .	1,650	6	3	1,100	4	2	2,750	10	5										
" Stationery, Sample Books, and Catalogues (£1,572/4/3 - £46) . . . . .	915	14	7	610	9	8	1,526	4	3										
" Discount on Sales . . . . .	567	5	—	378	3	4	945	8	4										
" Stable and Motor Expenses . . . . .	336	3	3	224	2	2	560	5	5										
" Debenture Interest . . . . .	300	—	—	200	—	—	500	—	—										
" Difference in Exchange (loss) . . . . .	—	9	6	12	19	8	32	9	2										
" Bad Debts . . . . .	432	3	3	288	2	2	720	5	5										
" Bad Debts Reserve . . . . .	246	12	—	164	8	—	411	—	—										
5% of £22,630/10/- = £1,131/10/6																			
Less Old Reserve £720/10/6																			
" Depreciation—																			
Working Plant and Utensils . . . . .	2,622	3	10	1,748	2	6	4,370	6	4										
(10% of £43,703/3/4)																			
Horses, Harness, Motor Vans, etc.	450	—	—	300	—	—	750	—	—										
(10% of £7,500)																			
Furniture, etc. (24% of £1,055)	15	16	6	10	11	—	26	7	6										
" Balance, NET profit of Departments . . . . .	10,981	9	8	5,561	9	6	16,492	19	2										
£	26,330	2	8	15,827	4	8	42,157	7	4	£	26,330	2	8	15,827	4	8	42,157	7	4

EXERCISE XI—No. 7.

THE TOILET SPECIALITIES CO.

Dr. Cr.

TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 19..

	'Excelsior' Hair Cream.			'De Luxe' Tooth Paste.			TOTAL.		
	£	s.	d.	£	s.	d.	£	s.	d.
To Stocks—									
Raw Materials, 1st July	707	13	8	316	4	5			
Manufactured Hair Cream, etc.	813	9	10	307	18	9			
Bottles, Labels, etc.	307	10	8	246	15	3			
By Purchases—									
Raw Materials	727	4	9	517	6	5			
Bottles, Labels, etc.	518	5	5	323	14	6			
Wages	707	14	3	734	7	8			
Manufacturing Expenses	268	10	7	243	16	7			
" Balance, gross profits of Departments.	4,621	18	6	9,730	4	3			
	£8,672	7	8	12,420	7	10			
To Salaries.									
" Advertising	56	9	9	371	5	9			
" Postages	778	11	3	5,117	12	7			
" Rent, Rates, and Taxes	66	17	3	439	10	5			
" Sundry Expenses	95	8	11	627	7	10			
" Balance, Net Profit of Departments.	41	19	7	275	18	11			
	3,562	11	9	2,898	8	10			
	£4,621	18	6	£9,730	4	3			
By Sales—									
Hair Cream	(75,896 bottles @ 1/11 per bot.)								
Tooth Paste	(498,878 boxes @ 5½d. per box)								
Raw Materials									
Manufactured									
Bottles, Labels, etc.									
By Trading Accounts.									
	£8,672	7	8	12,420	7	10			
	4,621	18	6	9,730	4	3			
	£14,621	18	6	£14,352	2	9			

*Note.*—The undivided Expenses are borne in the following proportions:



## EXERCISE XI—No. 8.

## THE LUXWORTH MOTOR-CAR WORKS, LTD.

## MOTOR-CARS TRADING ACCOUNT

*Dr.* FOR THE YEAR ENDED 31ST DECEMBER, 19.. *Cr.*

	£	s.	d.		£	s.	d.
To Purchases . . .	15,725	—	—	By Sales . . . . .	18,950	—	—
„ Bal. (gross profit) .	3,225	—	—				
	£ 18,950	—	—		£ 18,950	—	—

## ACCESSORIES TRADING ACCOUNT

*Dr.* FOR THE YEAR ENDED 31ST DECEMBER, 19.. *Cr.*

	£	s.	d.		£	s.	d.
To Accessories used. .	2,418	15	6	By Sale of Accessories .	2,907	14	8
„ Petrol, Oil, etc., used	657	5	11	„ Sale of Petrol, Oil,			
„ Bal. (gross profit) .	858	6	7	etc. . . . .	1,026	13	4
	£ 3,934	8	—		£ 3,934	8	—

## REPAIRS TRADING ACCOUNT

*Dr.* FOR THE YEAR ENDED 31ST DECEMBER, 19.. *Cr.*

	£	s.	d.		£	s.	d.
To Cost of Repairing Cars . . . . .	816	16	5	By Charges to Customers for Repairing Cars . .	906	12	7
„ Bal. (gross profit) .	89	16	2				
	£ 906	12	7		£ 906	12	7

## HIRE CARS TRADING ACCOUNT

*Dr.* FOR THE YEAR ENDED 31ST DECEMBER, 19.. *Cr.*

	£	s.	d.		£	s.	d.
To Expense of Hire Cars . . . . .	208	14	5	By Charges to Customers for Hire of Cars . . . . .	467	13	9
„ Depreciation. . . . . (20% of £574)	114	16	—				
„ Bal., gross profit . . . . .	144	3	4				
	£ 467	13	9		£ 467	13	9

## EXERCISE XI—No. 8 (contd.).

THE LUXWORTH MOTOR-CAR WORKS, LTD.

Dr.		Cr.	
Profit and Loss Account for the year ended 31st December, 19..			
£	s. d.	£	s. d.
To Carriage . . . . .		By Trading Accounts—	
" Management Expenses . . . . .		Motor-cars . . . . .	3,225 - 7
" Bad Debts . . . . .		Accessories . . . . .	858 6 7
" Debenture Interest . . . . .		Repairs . . . . .	89 16 2
" Repairs to Plant . . . . .		Hire Cars . . . . .	144 3 4
" Wages in Yard . . . . .		Garage Receipts . . . . .	110 15 6
" Addition to Bad Debts Reserve . . . . .		" Sundry Receipts . . . . .	175 19 2
" Depreciation—			
Loose Tools (20% of £378/10/9)	75 14 2		
Fixtures ( 5% of £110/15/6)	5 10 9		
Manager's Commission . . . . .			
( $\frac{5}{16}$ of £3,490/5/5)			
Balance, Net Profit . . . . .			
		£4,604 - 9	

EXERCISE XI

No.	9
No.	10
No.	11
No.	12
No.	13

These Exercises are the same as Examples in *Advanced Accounts*, except that the figures are double those employed in the examples. The examples are to be found as under: No. 9 (pp. 347-349), No. 10 (pp. 349-351), No. 11 (pp. 352-354), No. 12 (pp. 354-358), No. 13 (pp. 358-361).

T. THOMPSON, PAWNBROKER

DEPARTMENTAL TRADING ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

	Pledged Goods Dept.			Goods for Resale Dept.			Total.			Pledged Goods Dept.			Goods for Resale Dept.			Total.		
	f.	s.	d.	£.	s.	d.	f.	s.	d.	f.	s.	d.	£.	s.	d.	f.	s.	d.
To Stocks, 1st Jan. . . . .	5,127	2 11		2,065	10 5		7,192	13 4		13,015	12 9		2,369	15 7		13,015	12 9	
" Purchases . . . . .				657	16 8		637	16 8								2,369	15 7	
" Advances . . . . .	13,720	14 6		1,756	13 4		15,220	14 6								1,756	13 4	
" Pledge Dept. (Stock transferred)				520	9 10		1,756	13 4								1,050	6 10	
" Balance, gross profits of Departments	1,190	11 3					1,711	1 1								6,846	10 5	
	£	20,038	8 8	£	5,000	10 3	25,038	18 11		£	20,038	8 8	£	5,000	10 3	25,038	18 11	

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..:

Cy.

	<i>£</i>	<i>s.</i>	<i>d.</i>
To Wages and Salaries . . . . .	405	10	3
„ Rent, Rates, and Taxes . . . . .	216	9	10
„ Sundry Expenses . . . . .	238	12	6
„ Depreciation: Fixtures (5% of £627/14/2) . . . . .	31	7	9
„ Interest on Capital (5% of £7,000/15/5) . . . . .	350	—	9
„ Balance (Net Profit) to Capital Account . . . . .	626	10	3
	<u>£1,868</u>	<u>11</u>	<u>4</u>

EXERCISE XI—No. 14 (*contd.*).

T. THOMPSON, PAWNBROKER

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.			ASSETS.		
	£	s. d.		£	s. d.
Sundry Creditors . . . . .	.	.	Cash . . . . .	339	13 6
Capital Account—			Bank . . . . .	.	.
Balance, 1st Jan. . . . .	7,000	15 5			
Add Interest . . . . .	350	— 9	Stocks—		
„ Profit for Year . . . . .	626	10 3	Pledged Goods Dept.	4,215	15 9
	7,977	6 5	Goods for Resale Dept.	2,630	14 8
Less Drawings. . . . .	350	—	Fixtures and Fittings . . . . .	627	14 2
			Less Depreciation . . . . .	31	7 9
				7,627	6 5
				£7,966	19 11
				£7,966	19 11

EXERCISE XI—No. 15.

G. GREASLEY

*Dr.* DEPARTMENTAL TRADING ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 19.. *Cr.*

	Engine Dept.	Repairs Dept.	Total.	Engine Dept.	Repairs Dept.	Total.
To Stocks, 1st Jan. . . . .	£ 3,316 11 2	£ 1,164 13 7	£ 4,481 4 9	£ 14,616 16 9	£ 12,408 11 10	£ 27,024 7 9
" Purchases . . . . .	8,507 10 6	5,275 11 8	13,783 2 2	.	.	.
" Wages . . . . .	2,657 13 4	3,608 15 5	6,266 8 9	.	.	.
" Working Expenses . . . . .	1,056 5 8	1,516 4 10	2,572 10 6	3,450 16 4	1,265 19 5	4,716 15 9
" Balance, gross profits of Departments . . . . .	2,523 12 5	2,109 5 9	4,633 18 2	.	.	.
	£ 18,067 13 1	£ 13,674 11 3	£ 31,742 4 4	£ 18,067 13 1	£ 13,674 11 3	£ 31,742 4 4

EXERCISE XI—No. 15 (contd.).

G. GREASLEY

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19..

Cr.

Dr.		£	s.	d.		£	s.	d.		£	s.	d.
To Bad Debts	.	.	.	.	.	47	15	4	By Trading Accounts—			
" Salaries	.	.	.	.	.	617	2	3	Engine Department	.	.	.
" Rent, Rates, and Taxes	.	.	.	.	.	426	13	4	Repairs Department	.	.	.
" Gas and Electric Light	.	.	.	.	.	57	14	5	" Discounts	.	.	.
" Insurance	.	.	.	.	.	138	5	6				
" Office Expenses	.	.	.	.	.	146	8	9				
" Addition to Bad Debts Reserve	.	.	.	.	.	15	7	8				
" Depreciation: Office Furniture (5% of £227/13/10)	.	.	.	.	.	11	5	9				
" Interest on Capital Account (5% of £8,168/14/9)	.	.	.	.	.	238	2	10				
" Balance, Ner Profit to Capital Account	.	.	.	.	.	2,942						
						£4,680	15	10				

ENGINEERING SUPPLIES CO

EXERCISE XI—No. 16.

DEPARTMENTAL TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER, 19..

Cr.

Dr.		Works Dept.	Retail Dept.	Total.		Works Dept.	Retail Dept.	Total.
To Stocks, 1st Jan.	.	£ 1,056	10	6	By Sales, 31st Dec.	.	.	.
" Purchases	.	8,743	5	10	" Stocks, 31st Dec.	.	.	.
" Wages	.	7,426	19	5	" Appreciation of Plant	.	.	.
" Carriage	.	620	13	4				
" Balance, gross profits of Departments	.	4,663	17	10				
		£ 22,511	6	11				
To Office Salaries	.	506	15	6				
" Office Expenses	.	206	4	11				
" Rent, Rates, and Taxes	.	463	17	8				
" Addition to Bad Debts Reserve	.	4	10	8				
" Bad Debts	.	112	15	6				
" P. Philcree's Salary.	.	500						
" Balance, Ner Profit of Departments	.	2,849	14	3				
		£4,663	17	10				

EXERCISE XI—No. 16 (*contd.*).

ENGINEERING SUPPLIES CO.

<i>Dr.</i>	GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..						<i>Cr.</i>
	£	s.	d.		£	s.	d.
To Bank Charges . . . . .	29	5	8	By <i>Departmental Profits</i> —			
„ Income Tax (paid) . . . . .	416	14	2	Works Department . . . . .	2,849	14	3
„ Balance, Net Profit to Capital Account . .	7,451	3	7	Retail Department . . . . .	4,808	2	4
				„ Bank Interest . . . . .	76	13	4
				„ Interest on Investments . . . . .	162	13	6
	£7,897	3	5		£7,897	3	5

**EXERCISE XI—No. 17.**

See *Advanced Accounts*, pages 3 (under "Systems of Accounting"), 4, and 5; also page 2 (under "Accounts")

**EXERCISE XI—No. 18.**

See *Advanced Accounts*, page 31 (under sub-heading "Difference between a Trading Account and a Profit and Loss Accounts")

The accounts from which the Trading and Profit and Loss Accounts are prepared are—

TRADING	PROFIT AND LOSS
Stock.	Carriage Outwards
Work in Progress.	Rent.
Purchases.	Rates and Taxes.
Sales.	Salaries.
Carriage.	Wages (non-productive).
Wages (Productive).	Discount.
Expenses (Manufacturing),	Commission.
etc.	Insurance.
	Interest, etc.

**EXERCISE XI—No. 19.**

A suitable form of Cash Book for a large institution, such as a County Asylum or Hydropathic Institution, would be as described on page 12 of *Advanced Accounts* (under "Bank Cash Book"), and illustrated on pages 290 and 291.

It would not be necessary to have the SALES column, as institutions are non-trading concerns. Modifications of rulings to the right of the Bank column may be made to suit the particular requirements of the institution.

## EXERCISE XI—No. 20.

## JOURNAL OF ROBERT SAWYER

		£	s.	d.	£	s.	d.
19..							
(1)	Fire Insurance Unexpired . . . . .	25	—	—			
	To Fire Insurance . . . . .				25	—	—
	Transfer of prepaid insurance.						
(2)	Salaries . . . . .	125	—	—			
	To Salaries Reserve . . . . .				125	—	—
	Provision made for salaries due to partners A, B, and C.						
(3)	Cash . . . . .	100	—	—			
	To R. Robinson (Contractee) . . . . .				100	—	—
	For receipt of £100 in full settlement of contract price.						
	R. Robinson (Contractee) . . . . .	50	—	—			
	To Contract (R. Robinson's) . . . . .				50	—	—
	Transfer of amount equivalent to half of value of contract.						
	Contract (R. Robinson's) . . . . .	39	—	—			
	To Materials and Wages, etc. . . . .				39	—	—
	For materials and labour on contract.						
	Contract Account . . . . .	11	—	—			
	To Profit and Loss Account . . . . .				11	—	—
	For estimated profit on completed portion of contract.						
(4)	Depreciation . . . . .	78	11	5			
	To Patents . . . . .				78	11	5
	‡ of £550 written off.						



EXERCISE XI—No. 20 (*contd.*)JOURNAL OF ROBERT SAWYER—(*contd.*)

		£	s.	d.	£	s.	d.
19..	Patent Fees (Renewal) . . . . .	7	7	—			
	To Patents . . . . .				7	7	—
	Transfer of patent fees.						
	Profit and Loss Account . . . . .	7	7	—			
	To Patent Fees . . . . .				7	7	—
	Transfer of balance.						
(5)	Depreciation Account . . . . .	20	8	2			
	To Machinery Account. . . . .				20	8	2
	Original Cost . . £200 @ £120						
	Less 10% . . . . . 20 „ 12						
	Value at end of 1st yr. £180 „ £108						
	Less 10% . . . . . 18 „ 10 16 —						
	Value at end of 2nd yr. £162 „ £97 4 —						
	Less 10% . . . . . 16 4 — „ 9 14 5						
	Value at end of 3rd yr. £145 16 — „ £87 9 7						
	Loss in purchase value of milling machine = £145/16/- - £87/9/7 = £58/6/5, which sum it would be well to write off over a period of 5 years ( $\frac{1}{5}$ of which is included in depreciation for this year).						
	Profit and Loss Account . . . . .	20	8	2			
	To Depreciation . . . . .				20	8	2
	Transfer of balance.						
		£484	1	9	£484	1	9

## EXERCISE XI—No. 21.

In the opinion of the writer the abbreviated Statement presented to Subscribers, etc., is very unsatisfactory for the following reasons—

(a) A Cash Statement (badly constructed) does not adequately explain the financial position of the Institution.

(b) According to the Statement submitted, it appears that the grants and purchase of Consols on account of "Trust Funds" exceed Income—an anomalous position without fuller information to work upon.

(c) Grants have been made amounting to £4,740 against receipts of subscriptions, etc., of £4,629, evidence of imprudent allocation of the funds of the institution.

See also *Advanced Accounts*, page 327 (under "Errors in Published Accounts").

## EXERCISE XI—No. 22.

## JOURNAL

19..		£	s.	d.	£	s.	d.
	Consignment Account. . . . .	750	—	—	750	—	—
	To Goods on Consignment . . . . .						
	For goods consigned to A. Archer, of Sydney. . . . .						
	A. Archer . . . . .	800	—	—	800	—	—
	To Consignment . . . . .						
	For gross proceeds as per A/s. . . . .						
	Consignment . . . . .	85	—	—	85	—	—
	To A. Archer . . . . .						
	For commission and expenses as per A/s. . . . .						
	Bills Receivable. . . . .	465	—	—	465	—	—
	To A. Archer . . . . .						
	Bill drawn at 1 mo. for balance of account. . . . .						
		<u>£2,100</u>	—	—	<u>£2,100</u>	—	—

Dr.		CASH BOOK				Cr.			
19..	To A. Archer . . . . .	£	s.	d.	19..	By Consignment A/c—	£	s.	d.
		250	—	—		Freight . . . . .	54	—	—
						Insurance . . . . .	30	—	—
							84	—	—

LEDGER									
Dr.		CONSIGNMENT ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
	To Goods on C/ment	750	—	—		By A. Archer	800	—	—
	" Cash (Expenses)	84	—	—		(Gross proceeds)			
	" A. Archer (Exps.)	85	—	—		Unsold Stock c/d	250	—	—
	" Balance (Profit)	159	—	—		" Proportion of Ex-			
						penses c/d	28	—	—
		<u>£1,078</u>	—	—			<u>£1,078</u>	—	—
	" Stock, etc., b/d	278	—	—					

EXERCISE XI—No 23.

MILDRED & MERRYWEATHER

TRADING ACCOUNT FOR THE HALF-YEAR ENDED 31st DECEMBER, 19..

Cr.

Dr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock of Materials, 1st July	14,187	14	9				20,465	7	11
„ Purchases of Materials				3,611	17	6	143	5	7
Less Discts. Received £387/6/8									
„ Disct. Reserve 31/5/3							20,322	2	4
„ (2½% of £1,250/10/-)	418	11	11						
				13,769	2	10	1,220	19	4
Wages, NET				4,531	13	2			
„ Royalty (on manufctg. process)				149	1	2			
„ Balance, Gross Profit c/d				4,072	—	1			
				£26,133	14	9			
							19,101	3	—
							7,032	11	9
							£26,133	14	9



## EXERCISE XI—No. 23 (contd.).

MESSRS. J. C. MILDRED &amp; W. F. MERRYWEATHER

BALANCE SHEET AS AT 31st DECEMBER, 19..

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Bank Overdraft				Cash			
Executors of <i>Hy. Watson</i> —				Sundry Debtors	2,700	2	11
Loan on Mortgage	4,000	—	—	Less Bad Debts Reserve			
Add Interest due	40	—	—	" Discount Reserve			
Bills Payable					356	5	2
Sundry Creditors	1,250	10	—	Stock of Materials			
Less Discount Reserve	31	5	3	Office Furniture	130	—	—
Amounts owing—				Less Depreciation	23	3	8
Rates	75	—	—	Machinery, Plant, and Utensils			
Gas and Water	125	19	1	Less Depreciation	6,250	8	2
Capital Accounts— <i>J. C. Mildred</i> :				Land and Buildings	303	11	—
Balance, 1st July	8,653	14	8	Less Depreciation	6,300	—	—
Add Interest	216	9	11	Wages paid, recoverable from Insurance Co.	31	10	—
" Share of Profit	604	7	7	Insurance prepaid			
Less Drawings	9,474	9	2				
" Rent of Stabling							
<i>W. F. Merryweather</i> :							
Balance, 1st July	391	4	10				
Add Interest	5,610	3	7				
" Share of Profit	140	5	1				
Less Drawings	604	7	7				
" Transfer from <i>W. F. Merryweather</i>	6,354	16	3				
Less Drawings	329	3	1				
" Transfer to <i>Cr. of R. A. Merryweather</i>							
<i>£229/3/1</i>							
100/—							
<i>R. A. Merryweather</i> :							
Bonus Account	329	10	—				
Add Interest	8	4	9				
" Transfer from Profit and Loss	213	6	1				
" Transfer from <i>W. F. Merryweather</i>	100	—	—				
Less Drawings	651	—	10				
	141	6	7				

## EXERCISE XI—No. 24.

## STATEMENT OF PERCENTAGES BASED ON TURNOVER.

Net Sales, £19,101/3/-						%
Materials Consumed (including Royalty)	.	.	.	.	.	57.15
Wages, Net	.	.	.	.	.	23.72
Gross Profit	.	.	.	.	.	21.32
Net Expenses, i.e. (£4,126/2/10— <del>£1,778/13/3</del> )	£2,347/9/7	.	.	.	.	12.30
Net Profit	.	.	.	.	.	6.33

## EXERCISE XI—No. 25.

## JOURNAL

		£	s.	d.	£	s.	d.
19..							
Jan. 1	Bank Account . . . . .	1,000	—	—	1,000	—	—
	To Capital Account . . . . .						
" 2	Purchases Account . . . . .	362	1	8	362	1	8
	To X & Co. . . . .						
" 2	X & Co. . . . .	362	1	8	362	1	8
	To Bills Payable . . . . .						
" 3	Office Furniture . . . . .	131	10	—	131	10	—
	To H. B. C. Furnishing Co. . . . .						
" 3	H. B. C. Furnishing Co. . . . .	131	10	—	124	18	6
	To Bank Account . . . . .				6	11	6
	" Discount (5% of £131/10/-) . . . . .						
" 3	Purchases Account . . . . .	271	6	3	271	6	3
	To London Trading Co. . . . .						
" 3	London Trading Co. . . . .	51	6	—	51	6	—
	To Returns Outwards . . . . .						
" 3	London Trading Co. . . . .	220	—	3	220	—	3
	To Bank . . . . .						
" 4	H. Jones . . . . .	50	—	—	50	—	—
	To Bank . . . . .						
" 4	Bills Receivable . . . . .	55	—	—	55	—	—
	To H. Jones . . . . .						
" 4	H. Jones . . . . .	5	—	—	5	—	—
	To Interest . . . . .						
" 5	Petty Cash Account . . . . .	10	—	—	10	—	—
	To Bank . . . . .						
" 6	George & Co. . . . .	220	—	—	220	—	—
	To Sales . . . . .						
" 6	Bank Account . . . . .	214	10	—	220	—	—
	Discount Account (2½% on £220) . . . . .	5	10	—			
	To G. George . . . . .						
" 7	Purchases Account . . . . .	862	11	1	862	11	1
	To W. & H. Johnson . . . . .						
" 8	Salary . . . . .	3	—	—			
	Drawings . . . . .	17	—	—	20	—	—
	To Bank . . . . .						
" 9	Bank . . . . .	71	6	2	71	6	2
	To Sales . . . . .						
	Sales to A. Murray & Co. . . . .						
" 10	Stationery . . . . .		15	—	15	—	—
	To Petty Cash . . . . .						
" 11	Murray & Co. . . . .	71	6	2	71	6	2
	To Bank . . . . .						
	A. Murray's cheque of 9th inst. returned dishonoured.						
		£4,115	14	3	£4,115	14	3

## EXERCISE XI—No. 26.

## MR. PRICE'S JOURNAL

19..		£	s.	d.	£	s.	d.
Jan. 18	Cash Account . . . . .	100	—	—			
	To R. Goodman . . . . .				100	—	—
„ 18	R. Goodman . . . . .	101	5	—			
	To Bills Payable (including Interest)				101	5	—
„ 18	Interest Account . . . . .	1	5	—			
	To R. Goodman . . . . .				1	5	—
		£202	10	—	£202	10	—

## FORM OF INLAND BILL OF EXCHANGE

DUE DATE 21st April, 19—.

LONDON.

£101:5:0

18th Jan., 19—.

STAMP

2/-

Three months after date pay to my order the sum  
of One hundred and one pounds, five shillings, for  
value received.

To Mr. P. PRICE,  
25 Ainault Avenue,  
Chingford.

R. A. GOODMAN.

## EXERCISE XI—No. 27.

Dr.		INSURANCE ACCOUNT				Cr.			
		£	s.	d.			£	s.	d.
1937					1931				
Jan. 1	To Balance b/f	21	6	2	Dec. 31	By Unexpired Insurance:			
Mar. 31	„ Sundries as Purchases					3 mos. on £3		15	—
	Book (2s. per cent					6 „ £12 10s.	6	5	—
	of £3,000)	3	—	—		11 „ £12 10s.	11	9	2
June 30	„ do., 5s. per cent of				„ 31	„ Balance to P. & L.			
	£5,000	12	10	—		A/c. . . . .	30	17	—
Dec. 1	„ do., 5s. per cent of								
	£5,000	12	10	—					
		<u>£49</u>	<u>6</u>	<u>2</u>			<u>£49</u>	<u>6</u>	<u>2</u>
1938									
Jan. 1	To Balance b/f	18	9	2					



## EXERCISE XI—No. 28.

## Debit Side      PACKING CASES ACCOUNT

		1935		1936	
		£	s. d.	£	s. d.
Jan. 1	To Wood and nails . . . . .	21	10	12	7 6
Jan-Dec.	„ Purchases of materials . . . . .	319	15	351	7 6
„ „	„ Wages of workmen . . . . .	73	—	68	—
		£414	5	£431	15

## Credit Side

		1935		1936	
		£	s. d.	£	s. d.
Dec. 31	By Materials at close . . . . .	12	7 6	18	5
„ 31	„ Transfer to Trading Account . . . . .	401	17 6	413	10
		£414	5	£431	15

## EXERCISE XI—No. 29.

## NOMINAL LEDGER

## Dr.      SALES LEDGER ADJUSTMENT ACCOUNT      Cr.

1937		£	s.	d.	1937		£	s.	d.
Mar. 1	To Balance b/f . . . . .	2,459	1	7	Mar. 1	By Balance b/f . . . . .	47	5	—
„ 1-31	„ Sales . . . . .	3,589	10	—	„ 1-31	„ Returns . . . . .	108	7	3
„ 31	„ D. Peters . . . . .	9	5	—	„	„ Cash . . . . .	2,891	3	2
					„	„ Discounts . . . . .	93	5	8
					„	„ Bills Received . . . . .	250	—	—
					„	„ Bad Debts . . . . .	15	8	6
					„	„ M. Brown . . . . .	21	15	—
					„ 31	„ Balance . . . . .	2,630	12	—
		£6,057	16	7			£6,057	11	7

		£	s.	d.
Balance of Debtors . . . . .		2,664	9	6
Less Creditors . . . . .		43	17	6
		£2,620	12	—

Balance as Account above, £2,630 12s.

Difference is £10.

The important figures to check *first* would be—

- (1) Opening Balances of Debtors b/f and any creditors' balances transferred.
- (2) Totals of subsidiary books related to debtors.
- (3) Journal transfers.

The student should study carefully the plan of proof of this type of Ledger as explained and graphically set out on page 275 of *Advanced Accounts*.

## EXERCISE XI—No. 30.

The best method of dealing with the value of Loose Tools and Plant from the point of view of depreciation is to regard them as stock-in-trade, evaluating the stock of Loose Tools and Plant at end of year "at cost" or "market price," whichever is the lower.

It may be advisable to view some of such stock, if held for a long period, as of "no value." Generally, however, the "at cost" or "market" valuation fairly meets the case of this class of plant.

This Exercise may be adequately answered by references to *Advanced Accounts*.

JOHN ROBERTSON'S DRAWINGS ACCOUNT

Dr.	Mos.	Int.	Amount.			Cr.
		<u>£</u>	<u>s.</u>	<u>d.</u>	<u>£</u>	<u>s.</u>
						<u>d.</u>
19..				19..		
May 1	To Cash.	8	250	Dec. 31	By Interest on Capital .	250
July 1	"	6	300		(5% of £5,000)	—
Nov. 1	"	2	200	" 31	" Profit and Loss .	795
Dec. 1	"	1	100		" (Share of Profit)	—
	Interest		17			—
31	"		18			—
31	" Balance transferred to Capital Account .		177			—
			1			—
			8			—
			<u>£1,045</u>			<u>£1,045</u>

## EXERCISE XII—No. 3.

## JOURNAL

		£	s.	d.	£	s.	d.
19..							
Jan. 1	Sundry Debtors. . . . .	560	—	—			
	Goodwill . . . . .	310	—	—			
	To Bad Debts Reserve (5% of £560)				28	—	—
	„ C's Capital Account . . . . .				842	—	—
	For assets brought in by C. . . . .	£870	—	—	£870	—	—
„ 1	Coal Trucks . . . . .	70	—	—			
	Carts, Plant, Horses and Harness . . . . .	74	—	—			
	Goodwill . . . . .	455	—	—			
	To Bad Debts Res. (7½% of £3,720)				279	—	—
	„ A's Capital Account . . . . .				160	—	—
	„ B's „ „ . . . . .				160	—	—
	For net gain to A and B on the re-valuation of their assets. . . . .	£1,469	—	—	£1,469	—	—

(Dr. SIDE)

## CASH BOOK

			Cash.			Bank.		
			£	s.	d.	£	s.	d.
19..			18	—	—	1,166	—	—
Jan. 1	To Balance . . . . .					158	—	—
" 1	" C's Capital . . . . .	(Amount brought in to raise his Capital from £842 to £1,000)						
			18	—	—	1,324	—	—

(Cr. SIDE)

		Cash.			Bank.		
		£	s.	d.	£	s.	d.
19..							
Jan. 1	By A's Capital . . . . .				500	—	—
	(Amount withdrawn to reduce his Capital from £3,260 to £2,760)						
„ 1	„ Balance c/d . . . . .	18	—	—	824	—	—
		£18	—	—	£1,324	—	—

EXERCISE XII—No. 3 (contd.).

MESSRS. A B & C

BALANCE SHEET, 1ST JANUARY, 19..

LIABILITIES.			ASSETS.		
	£	s. d.		£	s. d.
Bills Payable.			Cash . . . . .	18	—
Sundry Creditors . . . . .			Bank . . . . .	824	—
Capital Accounts—			Sundry Debtors . . . . .	4,280	—
A . . . . .	2,760	—	Less Bad Debts Reserve . . . . .	307	—
B . . . . .	2,760	—			
C . . . . .	1,000	—	Stock of Coal . . . . .	3,973	—
			Goodwill . . . . .	570	—
			Coal Trucks . . . . .	765	—
			Carts, Plant, Horses, and Harness . . . . .	1,000	—
			Furniture and Fittings. . . . .	550	—
				320	—
				£8,020	—

## EXERCISE XII—No. 4.

## JOURNAL

	£	s.	d.	£	s.	d.
<i>Capital Accounts—</i>						
Dickson . . . . .	980	—	—			
Bell . . . . .	735	—	—			
Peters . . . . .	490	—	—			
To Profit and Loss Adjustment A/c				2,205	—	—
Transfer of incorrect shares of profit as shown in the Profit and Loss Account.						
Profit and Loss Adjustment A/c . .	2,205	—	—			
To <i>Capital Accounts—</i>						
Dickson, $\frac{2}{5}$ share . . . . .				1,046	8	10
Bell, $\frac{2}{5}$ share . . . . .				784	16	8
Peters, $\frac{1}{5}$ share . . . . .				373	14	6
Respective shares of profit transferred.						
	£4,410	—	—	£4,410	—	—

## LEDGER

<i>Dr.</i>				DICKSON'S CAPITAL ACCOUNT				<i>Cr.</i>			
				£	s.	d.					
To Profit and Loss Adjust- ment Account . . . . .				980	—	—	By Balance . . . . .	£	3,920	s.	—
„ Balance c/d . . . . .				3,986	8	10	„ Profit and Loss Adjust- ment Account . . . . .	1,046	8	10	
				£4,966	8	10		£4,966	8	10	
							By Balance b/d . . . . .	£3,986	8	10	
<hr/>											
<i>Dr.</i>				BELL'S CAPITAL ACCOUNT				<i>Cr.</i>			
				£	s.	d.					
To Profit and Loss Adjust- ment Account . . . . .				735	—	—	By Balance . . . . .	£	2,940	s.	—
„ Balance c/d . . . . .				2,989	16	8	„ Profit and Loss Adjust- ment Account . . . . .	784	16	8	
				£3,724	16	8		£3,724	16	8	
							By Balance b/d . . . . .	£2,989	16	8	
<hr/>											
<i>Dr.</i>				PETERS' CAPITAL ACCOUNT				<i>Cr.</i>			
				£	s.	d.					
To Profit and Loss Adjust- ment Account . . . . .				490	—	—	By Balance . . . . .	£	1,540	s.	—
„ Balance c/d . . . . .				1,423	14	6	„ Profit and Loss Adjust- ment Account . . . . .	373	14	6	
				£1,913	14	6		£1,913	14	6	
							By Balance b/d . . . . .	£1,423	14	6	

## EXERCISE XII—No. 5.

## MESSRS. BLACK &amp; WHITE

TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER 19..										Cr.			
Dr.		£		s.		d.		£		s.		d.	
To Stock, 1st Jan.	.	.	3,000	—	—	—	—	By Sales	.	.	24,800	—	—
" Purchases	.	.	16,450	—	—	—	—	" Stock, 31st Dec.	.	.	3,225	—	—
" Manufacturing Wages	.	.	2,150	—	—	—	—						
" Balance, Gross Profit c/d	.	.	6,425	—	—	—	—						
			£28,025	—	—	—	—				£28,025	—	—
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19..										Cr.			
Dr.		£		s.		d.		£		s.		d.	
To Salaries	.	.	820	—	—	—	—	By Trading Account	.	.	6,425	—	—
" Rates and Taxes	.	.	325	—	—	—	—						
" Trade Charges	.	.	400	—	—	—	—						
" Lease A/c (1/4 of £2,400 written off)	.	.	400	—	—	—	—						
" Int. on Mortgage (4 1/2 % of £5,000)	.	.	225	—	—	—	—						
" Depreciation—													
Plant (5% of £4,000)	.	.	200	—	—	—	—						
" Bad Debts Res. (5% of £13,100)	.	655	—	—	—	—	—						
" Less Old Reserve	.	600	—	—	—	—	—						
" Interest on Capital Accounts —													
Black, 5% of £5,000	.	250	—	—	—	—	—						
White, 5% of £2,000	.	100	—	—	—	—	—						
" Bal., Net Profit to Capital A/cs.													
(1/4 sh. to each partner, i.e. £1,825)											£6,425	—	—

MESSRS. BLACK & WHITE

BALANCE SHEET AS AT 31ST DECEMBER, 19..

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MESSRS. LION & UNICORN

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..:

300



EXERCISE XII—No. 6 (*contd.*).

MESSRS. LION & UNICORN

[illegible]

MESSRS. LION & UNICORN

## BALANCE SHEET AS AT 31ST DECEMBER, 19..

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## EXERCISE XII—No. 7.

## WILLIAM JAMES'S DRAWINGS ACCOUNT

(Dr. SIDE)

Date.	Particulars.	Mths.	Interest.			Amount.		
19..			£	s.	d.	£	s.	d.
Mar. 1	To Cash . . . . .	10	3	6	8	80	—	—
June 1	„ „ . . . . .	7	2	18	4	100	—	—
Sept. 1	„ „ . . . . .	4		16	8	50	—	—
Dec. 1	„ „ . . . . .	1		10	—	120	—	—
						7	11	8
„ 31	„ Interest. . . . .							
						£357	11	8

## EDWARD JONES'S DRAWINGS ACCOUNT

(Dr. SIDE)

Date.	Particulars.	Mths.	Interest.			Amount.		
19..			£	s.	d.	£	s.	d.
Mar. 1	To Capital (5% of £2,000 for 2 mos.)	2	16	13	4			
Apr. 1	„ Cash . . . . .	9	1	17	6	50	—	—
July 1	„ „ . . . . .	6	1	17	6	75	—	—
Oct. 1	„ „ . . . . .	3		18	9	75	—	—
Dec. 1	„ „ . . . . .	1		6	3	75	—	—
„ 31	„ Interest. . . . .					21	13	4
						£296	13	4

EXERCISE XII—No. 7 (*contd.*).

		JOURNAL		CLOSING ENTRIES		Dr.		Cr.	
						£	s. d.	£	s. d.
19..									
Dec. 31	Trading Account . . . . .					5,750	— —		
	To Purchases . . . . .							5,750	— —
" 31	Sales . . . . .					6,020	— —		
	Stock, 31st Dec. . . . .					2,478	— —		
	To Trading Account . . . . .							8,498	— —
" 31	Trading Account . . . . .					2,748	— —		
	Interest on Partners' Drawings . . . . .					29	5 —		
	To Profit and Loss Account . . . . .							2,777	5 —
" 31	Profit and Loss Account . . . . .					1,754	— —		
	To Rents, Rates, Taxes, and Insc..							187	— —
	„ Office and General Expenses . . . . .							125	— —
	„ Horse Keep . . . . .							95	— —
	„ Discounts and Allowances . . . . .							45	— —
	„ Interest, Commission, and Bank Charges . . . . .							32	— —
	„ Printing, Stationery, and Advertising . . . . .							15	— —
	„ Travelling Expenses . . . . .							120	— —
	„ Salaries and Wages . . . . .							1,020	— —
	„ Freight and Carriage . . . . .							115	— —
" 31	Profit and Loss Account . . . . .					1,023	5 —		
	To Capital Accounts—								
	W. James, $\frac{3}{5}$ share . . . . .							613	19 —
	E. Jones, $\frac{2}{5}$ share . . . . .							409	6 —
" 31	W. James's Capital Account . . . . .					357	11 8		
	To W. James's Drawings Account . . . . .							357	11 8
" 31	E. Jones's Capital Account . . . . .					296	13 4		
	To E. Jones's Drawings Account . . . . .							296	13 4
						£ 20,456	15 —	20,456	15 —

MESSRS. JAMES & JONES  
GENERAL STATEMENT OF ASSETS AND LIABILITIES

ASSETS.		£	s. d.	£	s. d.	LIABILITIES.		£	s. d.	£	s. d.
Trade Debtors . . . . .				2,514	— —	Trade Creditors . . . . .				848	— —
Stock . . . . .				2,478	— —	Capital Accounts—					
Horses, Carts, and Harness . . . . .				225	— —	William James . . . . .		3,256	7 4		
Office Furniture and Fittings . . . . .				250	— —	Edward Jones . . . . .		2,112	12 8		
Plant, Tools, etc. . . . .				750	— —					5,369	— —
				£6,217	— —					£6,217	— —

## EXERCISE XII—No. 8.

## JOURNAL

		£	s.	d.	£	s.	d.
19..							
Mar. 31	Capital Accounts—						
	X . . . . .	800	—	—			
	Y . . . . .	400	—	—			
	Z . . . . .	400	—	—			
	To Profit and Loss A/c (adjusted)				1,600	—	—
„ 31	Profit and Loss Account (adjusted)	220	—	—			
	To Interest on Capital Accounts—						
	X . . . . .				110	—	—
	Y . . . . .				90	—	—
	Z . . . . .				20	—	—
		£1,820	—	—	£1,820	—	—

Dr.		CAPITAL ACCOUNT, X				Cr.			
19..		£	s.	d.	19..		£	s.	d.
Mar. 31	To Profit and Loss A/c . . . . . (adjusted)	800	—	—	Dec. 31	By Balance . . . . .	3,000	—	—
„ 31	„ Balance c/d . . . . .	3,000	—	—	19..				
					Mar. 31	„ Interest . . . . .	110	—	—
					„ 31	„ Profit and Loss A/c . . . . . (adjusted)	690	—	—
		£3,800	—	—			£3,800	—	—
					Mar. 31	By Balance b/d . . . . .	3,000	—	—

Dr.		CAPITAL ACCOUNT, Y				Cr.			
19..		£	s.	d.	19..		£	s.	d.
Mar. 31	To Profit and Loss A/c . . . . . (adjusted)	400	—	—	Dec. 31	By Balance . . . . .	2,200	—	—
„ 31	„ Balance c/d . . . . .	2,235	—	—	19..				
					Mar. 31	„ Interest . . . . .	90	—	—
					„ 31	„ Profit and Loss A/c . . . . . (adjusted)	345	—	—
		£2,635	—	—			£2,635	—	—
					Mar. 31	By Balance b/d . . . . .	2,235	—	—

Dr.		CAPITAL ACCOUNT, Z				Cr.			
19..		£	s.	d.	19..		£	s.	d.
Mar. 31	To Profit and Loss A/c . . . . . (adjusted)	400	—	—	Dec. 31	By Balance . . . . .	800	—	—
„ 31	„ Balance c/d . . . . .	765	—	—	19..				
					Mar. 31	„ Interest . . . . .	20	—	—
					„ 31	„ Profit and Loss A/c . . . . . (adjusted)	345	—	—
		£1,165	—	—			£1,165	—	—
					Mar. 31	By Balance b/d . . . . .	765	—	—



EXERCISE XII—No. 9 (*contd.*).

## MESSRS. RUDD &amp; BUTLER

BALANCE SHEET AS AT 31ST DECEMBER, 19..

[(b) NOT FIXED METHOD]

LIABILITIES.			£	s.	d.	£	s.	d.
Bills Payable	.	.				1,706	2	8
Sundry Creditors	.	.				2,173	13	9
Outstanding Expenses	.	.				175	3	11
Loan Account, R. Rudd	.	.				1,500	—	—
<i>Capital Accounts—</i>								
<i>R. Rudd :</i>								
Balance, 1st Jan.	.	.	7,000	—	—			
Add Interest.	.	.	350	—	—			
"    "    on Loan	.	.	75	—	—			
"    Share of Profit	.	.	1,473	2	8			
			8,898	2	8			
Less Drawings	.	.	1,600	—	—	7,298	2	8
<i>B. Butler :</i>								
Balance, 1st Jan.	.	.	4,500	—	—			
Add Interest.	.	.	225	—	—			
"    Share of Profit	.	.	1,156	13	10			
			£5,881	13	10			
Less Drawings	.	.	1,200	—	—	4,681	13	10
						£17,534	16	10

## EXERCISE XII—No. 10.

(Dr. SIDE)

## CASH BOOK

		Bank.			Bank.		
		£	s.	d.			
19..	To D. Dawson's Capital Account	1,500	—	—			

*Note.*—Separate cheques would be handed to A. Bassett and P. Palmer for their respective shares of *Goodwill*.

## EXERCISE XII—No. 11.

<i>Dr.</i>		CASH BOOK				<i>Cr.</i>		
		Bank.				Bank.		
		£	s.	d.		£	s.	d.
19..	To F. Fletcher's Capital.	2,300	—	—	19..	By Goodwill . . . . . (Amount paid to D. Dutton by F. Fletcher for share of Goodwill) „ Balance c/d . . . .	300 2,000	— —
		<u>£2,300</u>	—	—			<u>£2,300</u>	—
	To Balance b/d . . . .	£2,000	—	—				

## EXERCISE XII—No. 12.

## JOURNAL

		£	s.	d.	£	s.	d.
19..							
Jan. 1	Sundry Debtors. . . . .	920	—	—			
	Goodwill . . . . .	350	—	—			
	To Bad Debts Reserve (5% of £920)				46	—	—
	„ F. Fir's Capital . . . . .				1,224	—	—
	For assets brought in by F. Fir.						
		1,270	—	—	1,270	—	—
„ 1	Plant and Tools. . . . .	134	—	—			
	Horses, Carts, Wagons, etc.. . . .	35	—	—			
	Goodwill . . . . .	1,050	—	—			
	To Bad Debts Reserve (5% of £3,940)				197	—	—
	„ A. Dean's Capital Account . . .				511	—	—
	„ B. Gibson's Capital Account . .				511	—	—
	For NET gain to Dean and Gibson on the revaluation of their assets.	£2,489	—	—	£2,489	—	—



## Dr.

Cf.

MESSRS DEAN, GIBSON & FIR  
BALANCE SHEET AS AT 1ST JANUARY, 19..

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## EXERCISE XII—No. 13.

## JOURNAL

19..		£	s.	d.	£	s.	d.
Jan. 1	Goodwill Account . . . . .	8	—	—	8	—	—
	To Difference in Books . . . . .						
	For transfer of balance.						
	Reserve for Depreciation . . . . .	608	—	—			
	Depreciation Account. . . . .	200	—	—			
	To Plant and Machinery . . . . .				808	—	—
	For transfer of " Reserve for Deprecia- tion," and a further depreciation of plant.						
	Goodwill Account . . . . .	200	—	—			
	To Depreciation . . . . .				200	—	—
	For transfer of balance.						
	Depreciation Account. . . . .	200	—	—			
	To Patents Account . . . . .				200	—	—
	For amount charged against deprecia- tion to reduce value of patents.						
	Goodwill Account . . . . .	200	—	—			
	To Depreciation . . . . .				200	—	—
	For transfer of balance.						
		£1,416	—	—	£1,416	—	—

## OPENING ENTRIES

19..		£	s.	d.	£	s.	d.
Jan. 1	Leasehold Factory . . . . .	12,540	—	—			
	Machinery and Plant . . . . .	7,392	—	—			
	Patents . . . . .	400	—	—			
	Sundry Debtors. . . . .	1,560	—	—			
	Stock . . . . .	1,458	—	—			
	Goodwill . . . . .	4,868	—	—			
	To Sundry Creditors . . . . .				3,218	—	—
	„ Peter White (vendor) . . . . .				25,000	—	—
		£28,218	—	—	£28,218	—	—

Dr.		CASH BOOK				Cr.		
19..		£	s.	d.	19..	£	s.	d.
Jan. 1	To Capital Accounts—				Jan. 1	By Peter White . .	25,000	—
	Smith . . . . .	12,000	—	—		(vendor)		
	Brown . . . . .	10,000	—	—	" 1	„ Balance c/d . .	3,000	—
	Robinson . . . . .	6,000	—	—				
		£28,000	—	—			£28,000	—



## EXERCISE XII—No. 15.

*Dr.*

## P. CREW (DECEASED) LOAN ACCOUNT

*Cr.*

19..		£	s.	d.	19..		£	s.	d.
Year 1	To Cash ( $\frac{1}{2}$ yr.'s instalmt.)	1,000	—	—	Year 1	By Balance . . . . .	7,955	16	—
	„ Balance c/d . . . .	7,154	13	11		„ Interest (6 months) .	198	17	11
		<u>£8,154</u>	<u>13</u>	<u>11</u>			<u>£8,154</u>	<u>13</u>	<u>11</u>
Year 2	To Cash . . . . .	2,000	—	—	Year 2	By Balance b/d . . . .	7,154	13	11
	„ Balance c/d . . . .	5,512	8	7		„ Interest (1 year) . .	357	14	8
		<u>£7,512</u>	<u>8</u>	<u>7</u>			<u>£7,512</u>	<u>8</u>	<u>7</u>
Year 3	To Cash . . . . .	2,000	—	—	Year 3	By Balance b/d . . . .	5,512	8	7
	„ Balance c/d . . . .	3,788	1	—		„ Interest (1 year) . .	275	12	5
		<u>£5,788</u>	<u>1</u>	<u>—</u>			<u>£5,788</u>	<u>1</u>	<u>—</u>
Year 4	To Cash . . . . .	2,000	—	—	Year 4	By Balance b/d . . . .	3,788	1	—
	„ Balance c/d . . . .	1,977	9	1		„ Interest (1 year) . .	189	8	1
		<u>£3,977</u>	<u>9</u>	<u>1</u>			<u>£3,977</u>	<u>9</u>	<u>1</u>
Year 5	To Cash . . . . .	2,000	—	—	Year 5	By Balance b/d . . . .	1,977	9	1
	„ Balance c/d . . . .	76	6	6		„ Interest (1 year) . .	98	17	5
		<u>£2,076</u>	<u>6</u>	<u>6</u>			<u>£2,076</u>	<u>6</u>	<u>6</u>
Year 6	To Cash . . . . .	80	2	10	Year 6	By Balance b/d . . . .	76	6	6
		<u>£80</u>	<u>2</u>	<u>10</u>		„ Interest (1 year) . .	3	16	4
							<u>£80</u>	<u>2</u>	<u>10</u>

EXERCISE XII—No. 16.

P. PORTER IN ACCOUNT CURRENT WITH E. HELM

Date.	Particulars.	Amount.	Days.	Pro-ducts.	Date.	Particulars.	Amount.	Days.	Pro-ducts.
19.. 1	To Cash . . .	£ 550	—	£ 167,750	19.. 1	By Cash (£ of £1,525) .	£ 610	—	£ 222,040
Mar. 1	" Sundry Creditors .	494	—	120,536	" 1	" Furniture . . .	124	—	45,136
May 1	" (£ of £1,235) . . .	—	—	—	" 1	" Goodwill . . .	625	—	227,500
June 1	" . . .	650	—	138,450	" 1	" Sundry Debtors . .	1,760	—	212,960
Sept. 1	" . . .	750	—	90,750	Sept. 1	" (£ of £4,400) . .	—	—	—
Dec. 31	" Balance of Products .	701	—	190,150	Dec. 31	" Balance of Interest .	26	1	—
" 31	" Balance c/d . . .	—	—	—			£3,145	1	£707,636
		£3,145	1	£707,636			—	—	—
Dec. 31	To Cash . . .	701	1	—	Dec. 31	By Balance b/d . .	701	1	—

EXERCISE XII—No. 16 (*contd.*).

<i>Dr.</i> PROFIT AND LOSS ADJUSTMENT ACCOUNT				<i>Cr.</i>			
19.. Jan. 1	To Bad Debts (Loss) . .	£ 224	s. d. — —	19.. Jan. 1	By Discount on Creditors (GAIN) . . . . .	£ 30	s. d. — —
	„ Furniture (Loss) . .	26	— —		„ Capital Accounts— Porter, $\frac{1}{2}$ of loss . .	110	— —
					Helm, $\frac{1}{2}$ of loss . .	110	— —
		£250	— —			£250	— —

## ADJUSTED BALANCE SHEET AS AT 1ST JANUARY, 19..

LIABILITIES.				ASSETS.			
		£	s. d.			£	s. d.
Sundry Creditors . .		1,235	— —	Cash . . . . .		1,525	— —
Capital Accounts—				Sundry Debtors. . . .		4,400	— —
E. Helm . . . . .		3,000	— —	Furniture . . . . .		310	— —
P. Porter . . . . .		2,000	— —				
		£6,235	— —			£6,235	— —

## EXERCISE XII—No. 17.

## PROFIT AND LOSS ACCOUNT

<i>Dr.</i> FOR THE YEAR ENDED 31ST DECEMBER, 19..				<i>Cr.</i>			
	To Trading Account . .	£ 1,070	s. d. — —		By Capital Accounts—	£	s. d.
	„ Interest on Capitals—				R. Rostron . . . . .	1,036	— —
	R. Rostron . . . . .	187	10 —		( $\frac{1}{3}$ share of loss)		
	(5% of £3,750)				T. Teale . . . . .	259	— —
	T. Teale . . . . .	37	10 —		( $\frac{1}{3}$ share of loss)		
	(5% of £750)						
		£1,295	— —			£1,295	— —

<i>Dr.</i> CAPITAL ACCOUNT—R. ROSTRON				<i>Cr.</i>			
19.. Dec. 31	To Drawings . . . . .	£ 620	s. d. — —	19.. Jan. 1	By Balance . . . . .	£ 3,750	s. d. — —
„ 31	„ Profit and Loss . . .	1,036	— —	Dec. 31	„ Interest . . . . .	187	10 —
	(Share of loss)						
„ 31	„ Balance c/d . . . . .	2,281	10 —				
		£3,937	10 —			£3,937	10 —
				Dec. 31	By Balance b/d . . .	2,281	10 —

## EXERCISE XII—No. 17 (contd.).

Dr.		CAPITAL ACCOUNT—T. TEALE				Cr.		
19..		£	s.	d.	19..	£	s.	d.
Dec. 31	To Drawings . . . .	350	—	—	Jan. 1	By Balance . . . .	750	—
" 31	" Profit and Loss . . .	259	—	—	Dec. 31	" Interest . . . .	37	10
	(Share of loss)							
" 31	" Balance c/d . . . .	178	10	—				
		£787	10	—			£787	10
					Dec. 31	By Balance b/d . . .	178	10

## EXERCISE XII—No. 18 (a).

## PROFIT AND LOSS ACCOUNT

Dr.		FOR THE YEAR ENDED 31ST DECEMBER, 19..				Cr.		
To Interest on Capital Accounts—		£	s.	d.		£	s.	d.
Austin (5% of £6,250) . .		312	10	—	By Balance . . . . .	2,521	5	—
Bell (5% of £4,500) . .		225	—	—				
Cooper (5% of £4,500) . .		225	—	—				
„ Balance, Net Profit to Cap. A/cs:								
Austin ( $\frac{2}{3}$ share) }		1,758	15	—				
Bell ( $\frac{1}{3}$ share) }								
Cooper ( $\frac{1}{3}$ share) }								
		<u>£2,521</u>	<u>5</u>	<u>—</u>		<u>£2,521</u>	<u>5</u>	<u>—</u>

Dr.		CAPITAL ACCOUNT—AUSTIN				Cr.		
19..		£	s.	d.	19..	£	s.	d.
Dec. 31	To Balance c/d . . .	7,316	5	—	Jan. 1	By Balance . . . . .	6,250	—
					Dec. 31	„ Interest . . . . .	312	10
					„ 31	„ Profit and Loss . . .	753	15
						(Share of gain)		
		<u>£7,316</u>	<u>5</u>	<u>—</u>			<u>£7,316</u>	<u>5</u>
					Dec. 31	By Balance b/d . . .	7,316	5

Dr.		CAPITAL ACCOUNT—BELL				Cr.		
19..		£	s.	d.	19..	£	s.	d.
Dec. 31	To Drawings . . . .	350	—	—	Jan. 1	By Balance . . . . .	4,500	—
" 31	" Balance c/d . . . .	4,877	10	—	Dec. 31	" Interest . . . . .	225	—
					" 31	" Profit and Loss . . .	502	10
						(Share of profit)		
		<u>£5,227</u>	<u>10</u>	<u>—</u>			<u>£5,227</u>	<u>10</u>
					Dec. 31	By Balance b/d . . .	4,877	10

Capital Account—Cooper. (Details same as Bell's.)

## EXERCISE XII—No. 18 (b).

## RATIO OF CAPITALS

Austin's share of Capital in new Partnership =  $\frac{3}{7}$  of  $\frac{7}{10}$  =  $\frac{3}{10}$ Bell's share of Capital in new Partnership =  $\frac{2}{7}$  of  $\frac{7}{10}$  =  $\frac{2}{10}$ Cooper's share of Capital in new Partnership =  $\frac{2}{7}$  of  $\frac{7}{10}$  =  $\frac{2}{10}$ P. Peter's share (as agreed) =  $\frac{1}{10}$ ∴ P. Peter's Capital will equal  $\frac{1}{2}$  of  $\frac{3}{10}$  share of Capital.∴  $\frac{1}{2}$  of £4,877 10s. = £2,438 15s., amount to be brought in by P. Peters.

## EXERCISE XII—No. 19

## CASH BOOK

(CREDIT SIDE)

		£	s.	d.
19..				
Jan. 1	By Balance (Bank Overdraft) . . . . .	6,000	—	—
„ 1	„ Balance c/d . . . . .	1,000	—	—
		<u>£7,000</u>	—	—

(DEBIT SIDE)

		£	s.	d.
19..				
Jan. 1	To <i>Capital Accounts</i> —			
	A. . . . .	3,500	—	—
	B. . . . .	3,500	—	—
		<u>£7,000</u>	—	—
19..				
Jan. 1	To Balance b/d . . . . .	£1,000	—	—

B will hand A a cheque for his share of the profit, i.e. his share of the Goodwill of the business.

## EXERCISE XII—No. 20.

## JOURNAL

		£	s.	d.	£	s.	d.
19..							
Apr. 25	Goodwill Account . . . . .	4,250	—	—			
	To <i>Capital Accounts</i> —						
	M. Mason . . . . .				3,500	—	—
	B. Box . . . . .				750	—	—
	For amount of GOODWILL credited to M. Mason and B. Box.						
„ 25	<i>Capital Accounts</i> —						
	M. Mason (5% of £6,500) . . . . .	325	—	—			
	B. Box (5% of £5,750) . . . . .	287	10	—			
	To Bad Debts Reserve . . . . .				612	10	—
	For debiting Capital Accounts their respective amounts of Bad Debts Reserve.						
„ 25	Profit and Loss Account . . . . .	1,650	—	—			
	To M. Mason's Capital Account . . . . .				1,650	—	—
	Transfer of Balance.						
		<u>£6,512</u>	10	—	<u>£6,512</u>	10	—



S. Simpson's Capital before the NEW partnership was equal to £5,692/10/-,  
less £1,102/10/-, i.e. £4,590.

## EXERCISE XII—No. 23.

<i>Dr.</i> BUSINESS PURCHASE ACCOUNT				<i>Cr.</i>			
		£	s. d.			£	s. d.
Year 1	To Cash . . . . .	1,000	- -	Year 1	By X . . . . .	7,020	- -
	" Balance c/d . . .	6,371	- -		" Interest . . . .	351	- -
		<u>£7,371</u>	- -			<u>£7,371</u>	- -
Year 2	To Cash . . . . .	1,000	- -	Year 2	By Balance b/d . . .	6,371	- -
	" Balance c/d . . .	5,689	11 -		" Interest . . . .	318	11 -
		<u>£6,689</u>	11 -			<u>£6,689</u>	11 -
Year 3	To Cash . . . . .	1,000	- -	Year 3	By Balance b/d . . .	5,689	11 -
	" Balance c/d . . .	4,974	- 7		" Interest . . . .	284	9 7
		<u>£5,974</u>	- 7			<u>£5,974</u>	- 7
Year 4	To Cash . . . . .	1,000	- -	Year 4	By Balance b/d . . .	4,974	- 7
	" Balance c/d . . .	4,222	14 8		" Interest . . . .	248	14 1
		<u>£5,222</u>	14 8			<u>£5,222</u>	14 8
Year 5	To Cash . . . . .	1,000	- -	Year 5	By Balance b/d . . .	4,222	14 8
	" Balance c/d . . .	3,433	17 5		" Interest . . . .	211	2 9
		<u>£4,433</u>	17 5			<u>£4,433</u>	17 5
				Year 6	By Balance b/d . . .	3,433	17 5

<i>Dr.</i> GOODWILL ACCOUNT				<i>Cr.</i>			
		£	s. d.			£	s. d.
Year 1	To X . . . . .	2,000	- -	Year 1	By Profit and Loss .	349	15 -
		<u>£2,000</u>	- -		" Balance c/d . . .	1,650	5 -
						<u>£2,000</u>	- -
Year 2	To Balance b/d . . .	1,650	5 -	Year 2	By Profit and Loss .	407	17 3
		<u>£1,650</u>	5 -		" Balance c/d . . .	1,242	7 9
						<u>£1,650</u>	5 -
Year 3	To Balance b/d . . .	1,242	7 9	Year 3	By Profit and Loss .	441	7 7
		<u>£1,242</u>	7 9		" Balance c/d . . .	801	- 2
						<u>£1,242</u>	7 9
Year 4	To Balance b/d . . .	801	- 2	Year 4	By Profit and Loss .	562	16 6
		<u>£801</u>	- 2		" Balance c/d . . .	238	3 8
						<u>£801</u>	- 2
Year 5	To Balance b/d . . .	£238	3 8	Year 5	By Profit and Loss .	£238	3 8

<i>Dr.</i> PROFIT AND LOSS ACCOUNT (1ST YEAR)				<i>Cr.</i>			
		£	s. d.			£	s. d.
19..	To Interest . . . . .	351	- -	19..	By Balance . . . .	1,750	- -
	" Goodwill . . . . .	349	15 -				
	" Balance . . . . .	1,049	5 -				
	(Net profit)						
		<u>£1,750</u>	- -			<u>£1,750</u>	- -

EXERCISE XII—No. 23 (*contd.*).

## PROFIT AND LOSS ACCOUNT

<i>Dr.</i>				(2ND YEAR)				<i>Cr.</i>			
19..	To Interest . . . .	£	s.	d.	19..	By Balance . . . .	£	s.	d.		
	" Goodwill . . . .										
	" Balance . . . .										
	(Net profit)										
		£1,950					£1,950				

<i>Dr.</i>				(3RD YEAR)				<i>Cr.</i>			
19..	To Interest . . . .	£	s.	d.	19..	By Balance . . . .	£	s.	d.		
	" Goodwill . . . .										
	" Balance . . . .										
	(Net profit)										
		£2,050					£2,050				

<i>Dr.</i>				(4TH YEAR)				<i>Cr.</i>			
19..	To Interest . . . .	£	s.	d.	19..	By Balance . . . .	£	s.	d.		
	" Goodwill . . . .										
	" Balance . . . .										
	(Net profit)										
		£2,500					£2,500				

<i>Dr.</i>				(5TH YEAR)				<i>Cr.</i>			
19..	To Interest . . . .	£	s.	d.	19..	By Balance . . . .	£	s.	d.		
	" Goodwill . . . .										
	" Balance . . . .										
	(Net profit)										
		£2,065					£2,065				

## EXERCISE XII—No. 24.

## PROFIT AND LOSS ACCOUNT

<i>Dr.</i>				FOR THE YEAR ENDED 31ST DECEMBER, 19..				<i>Cr.</i>			
To Capital Accounts—				£	s.	d.	By Balance . . . . .	£	s.	d.	
Cox, £ . . . . .				800	—	—		1,760	—	—	
Mason, £ . . . . .				600	—	—					
Holding (agreed amount) . .				360	—	—					
				£1,760				£1,760			

## EXERCISE XII—No. 25.

## PROFIT AND LOSS ACCOUNT

	£	s.	d.		£	s.	d.
To Interest due to C. Carus's Loan.	41	13	4	By Trading A/c . . . . .	2,760	-	-
„ Balance, Net Profit to Cap. A/cs							
C. Carus, $\frac{1}{2}$ £1,359/3/4							
O. Kelly, $\frac{1}{2}$ £1,359/3/4							
	2,718	6	8				
	£2,760	-	-		£2,760	-	-

## EXERCISE XII—No. 26.

## PROFIT AND LOSS ACCOUNT

Dr.

FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

	£	s.	d.		£	s.	d.
To Interest on Capital Accounts—				By Balance . . . . .	2,050	-	-
Hart (5% of £3,500) . . . . .	175	-	-				
Capper (5% of £2,520) . . . . .	126	-	-				
Bonar (5% of £1,740) . . . . .	87	-	-				
„ Balance (Net profit) c/d . . . . .	1,662	-	-				
	£2,050	-	-		£2,050	-	-
To Capital Accounts—				By Balance b/d . . . . .	1,662	-	-
Hart (50% of 1st £1,000) . . . . .	500	-	-				
Capper (30% of 1st £1,000) . . . . .	300	-	-				
Bonar (20% of 1st £1,000) . . . . .	200	-	-				
	1,000	-	-				
To Capital Accounts—							
Hart ( $\frac{1}{3}$ of £662) . . . . .	220	13	4				
Capper ( $\frac{1}{3}$ of £662) . . . . .	220	13	4				
Bonar ( $\frac{1}{3}$ of £662) . . . . .	220	13	4				
	£1,662	-	-		£1,662	-	-

Dr.

CAPITAL ACCOUNT, HART

Cr.

	£	s.	d.		£	s.	d.
19..				19..			
Dec. 31	To Drawings . . . . .	850	-	Jan. 1	By Balance . . . . .	3,500	-
„ 31	„ Balance c/d . . . . .	3,545	13 4	Dec. 31	„ Interest . . . . .	175	-
				„ 31	„ Profit and Loss A/c . . . . .	720	13 4
					(Share of Profit)		
					£4,395	13 4	
				Dec. 31	By Balance b/d . . . . .	3,545	13 4

Dr.

CAPITAL ACCOUNT, CAPPER

Cr.

	£	s.	d.		£	s.	d.
19..				19..			
Dec. 31	To Drawings . . . . .	650	-	Jan. 1	By Balance . . . . .	2,520	-
„ 31	„ Balance c/d . . . . .	2,816	13 4	Dec. 31	„ Interest . . . . .	126	-
				„ 31	„ Salary . . . . .	300	-
				„ 31	„ Profit and Loss A/c . . . . .	520	13 4
					(Share of Profit)		
					£3,466	13 4	
				Dec. 31	By Balance b/d . . . . .	2,816	13 4

EXERCISE XII—No. 26 (*contd.*).

<i>Dr.</i>				CAPITAL ACCOUNT, BONAR				<i>Cr.</i>			
19..		£	s. d.	19..		£	s. d.				
Dec. 31	To Drawings . . . .	450	—	Jan. 1	By Balance . . . .	1,740	—				
" 31	" Balance c/d . . . .	2,047	13 4	Dec. 31	" Interest . . . .	87	—				
				" 31	" Salary . . . .	250	—				
				" 31	" Profit and Loss A/c .	420	13 4				
					(Share of Profit)						
		£2,497	13 4			£2,497	13 4				
				Dec. 31	By Balance b/d . . .	2,047	13 4				

## EXERCISE XII—No. 27

## STATEMENT OF ADJUSTED PROFITS

	YEARS.			TOTAL.
	1st	2nd	3rd	
Profits for 2nd and 3rd years . . . .	£	£	£	£
Add Interest recoverable from Flynn . . . .	40	40	40	120
" Salary recoverable from Flynn . . . .	100	100	100	300
	£140	£2,889	£3,645	£6,674
Less Loss of 1st year . . . . .				560
Total distributable Profits . . . . .				£6,114

<i>Dr.</i>				CAPITAL ACCOUNT, F. FLYNN				<i>Cr.</i>			
19..		£	s. d.	19..		£	s. d.				
	To Profit and Loss A/c .	420	—		By Cash . . . . .	4,000	—				
	(Surcharge of sums				(Loan transferred)						
	paid in excess of				" Profit and Loss A/c .	1,019	—				
	agreed new provision)				( $\frac{1}{2}$ share of adjusted						
	" Balance c/d . . . .	4,599	—		profits)						
		£5,019	—			£5,019	—				
					By Balance b/d . . .	4,599	—				

*Note.*—The Partners' Capital Accounts have been credited with profits on the basis of the adjusted profits.

If it is inferred that B. Bartle and W. West have withdrawn their respective shares of past years' profits, then the credit balance of £599 due to F. Flynn under the new scheme must be borne by B. Bartle and W. West in the ratio of their capitals, as under—

B. Bartle  $\frac{2}{3}$ , i.e. £359 8s. 0d., W. West  $\frac{1}{3}$ , i.e. £239 12s. 0d.

**EXERCISE XII—No. 27** (*contd.*)

<i>Dr.</i> CAPITAL ACCOUNT, B. BARTLE				<i>Cr.</i>			
19..	To Balance c/d . . .	£	s. d.	19..	By Balance . . .	£	s. d.
		15,057	— —		" Profit and Loss A/c . .	12,000	— —
					(Share of adjusted profits)	3,057	— —
		£ 15,057	— —			£ 15,057	— —

<i>Dr.</i> CAPITAL ACCOUNT, W. WEST				<i>Cr.</i>			
19..	To Balance c/d . . .	£	s. d.	19..	By Balance . . .	£	s. d.
		10,038	— —		" Profit and Loss A/c . .	8,000	— —
					(Share of adjusted profits)	2,038	— —
		£ 10,038	— —			£ 10,038	— —

**EXERCISE XII—No. 28.**

<i>Dr.</i> CAPITAL ACCOUNT, BROWN				<i>Cr.</i>			
19.. Dec. 31	To Assignments—	£	s. d.	19.. Mar. 31 Sept. 30 " 30	By Balance . . .	£	s. d.
	(a) Eldest Son, $\frac{2}{3}$ . . .	4,000	— —		" Share of Profit . . .	9,000	— —
	(b) Other Children ( $\frac{1}{3}$ of $\frac{2}{3}$ to each)				" Cash . . . . .	675	— —
	(1) . . . . .	1,000	— —			325	— —
	(2) . . . . .	1,000	— —				
	(3) . . . . .	1,000	— —				
	(4) . . . . .	1,000	— —				
	" Balance c/d . . .	2,000	— —				
		£ 10,000	— —			£ 10,000	— —

*See Advanced Accounts, page 95 (under Limited Partnership).*

**EXERCISE XII—No. 29.**

The adjustments necessary in the accounts in order to avoid loss to M and N and a gain to K are as follows—

- (1) Create a Goodwill Account and credit M and N with their respective shares, and
- (2) Provide for interest on the partners' capital.

**EXERCISE XII—No. 30. JOURNAL**

		£	s. d.	£	s. d.
19..					
Jan. 1	Land and Buildings . . . . .	£ 250	— —		
" 1	Capital Account, A . . . . .	730	— —		
	To Plant . . . . .			180	— —
	" Sundry Debtors . . . . .			500	— —
	" Stock . . . . .			300	— —
	For NET LOSS on revaluation of assets transferred to A as per agreement.	£ 980	— —	£ 980	— —

EXERCISE XII—No. 30 (*contd.*).

Dr.		CASH BOOK				Cr.			
19..		£	s.	d.	19..		£	s.	d.
Jan. 1	To Balance . . . . .	600	—	—	Jan. 1	By A's Capital Account	270	—	—
" 1	" C's Capital Account .	1,000	—	—	" 1	(Amount withdrawn)			
					" 1	" Balance c/d . . . .	1,330	—	—
		<u>£1,600</u>	—	—			<u>£1,600</u>	—	—

MESSRS. A B & C  
BALANCE SHEET AS AT 1ST JANUARY, 19..

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Creditors and Bills Payable . . . .					Bank . . . . .		1,330	—	—
Capital Accounts—					Debtors and Bills Receivable . . .		2,000	—	—
A . . . . .	3,000	—	—		Stock . . . . .		1,800	—	—
B . . . . .	2,000	—	—		Plant . . . . .		1,620	—	—
C . . . . .	1,000	—	—		Buildings . . . .		2,250	—	—
				6,000					
				£9,000					£9,000

## EXERCISE XIII—No. 1.

Dr.		REALIZATION ACCOUNT				Cr.			
19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Sundry Assets . .	4,370	—	—	Dec. 31	By Cash . . . . .	4,792	—	—
" 31	" Cash (Expenses) . .	87	—	—	" 31	" Discounts Received .	38	—	—
" 31	" Balance (Profit) to Capital Accounts—								
	B. Black, $\frac{1}{2}$ £186 $\frac{1}{2}$								
	W. White, $\frac{1}{2}$ £186 $\frac{1}{2}$								
		373	—	—					
		£4,830	—	—			£4,830	—	—

Dr.		CASH BOOK				Cr.		
		£	s.	d.		£	s.	d.
19..					19..			
Dec. 31	To Balance . . . . .	120	—	—	Dec. 31	By Sundry Creditors. .	442	—
" 31	" Realization A/c . .	4,792	—	—	" 31	" Realization (Exps.) .	87	—
					" 31	" B. Black . . . . .	3,236	10
					" 31	" W. White . . . . .	1,146	10
		<u>£4,912</u>	—	—			<u>£4,912</u>	—

*Note.*—The amounts paid out to B. Black and W. White are equal to their original Capitals *plus* their respective shares of PROFIT on Realization.

## EXERCISE XIII—No. 2.

Dr.		REALIZATION ACCOUNT				Cr.			
19..		£	s.	d.	19..		£	s.	d.
	To Sundry Assets . . .	5,500	—	—		By Cash . . . . .	4,880	—	—
	„ Cash (Expenses) . . .	230	—	—		„ Discounts Received . .	100	—	—
						„ Balance (Loss) to			
						Capital Accounts—			
						Black, $\frac{1}{2}$ . . .	£375		
						White, $\frac{1}{2}$ . . .	£375		
							750	—	—
		£5,730	—	—			£5,730	—	—

<i>Dr.</i>		CASH BOOK				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.
	To Balance . . . . .	400	—	—		By Creditors . . . . .	1,760	—	—
	„ Realization A/c . . .	4,880	—	—		„ Realization (Exps.) . .	230	—	—
						„ Capital Accounts—			
						Black . . . . .	2,525	—	—
						White . . . . .	825	—	—
		£5,280	—	—			£5,280	—	—

*Note.*—The amounts paid out to Black and White are equal to their original Capital less their respective shares of Loss on Realization.

## EXERCISE XIII—No. 3.

Dr.		BLACK & WHITE'S BOOKS				Cr.			
		PROFIT AND LOSS ACCOUNT							
19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Capital Accounts—				Dec. 31	By Balance . . . .	1,000	—	—
	Black, $\frac{1}{2}$ share	500	—	—					
	White, $\frac{1}{2}$ share	500	—	—					
		<u>£1,000</u>	—	—			<u>£1,000</u>	—	—
19..					19..				
Dec. 31	To Capital Accounts—				Dec. 31	By Balance . . . .	1,200	—	—
	Black, $\frac{1}{2}$ share	600	—	—					
	White, $\frac{1}{2}$ share	600	—	—					
		<u>£1,200</u>	—	—			<u>£1,200</u>	—	—
19..					19..				
Dec. 31	To Capital Accounts—				Dec. 31	By Balance . . . .	1,350	—	—
	Black, $\frac{1}{2}$ share	675	—	—					
	White, $\frac{1}{2}$ share	675	—	—					
		<u>£1,350</u>	—	—			<u>£1,350</u>	—	—

<i>Dr.</i>		BLACK'S BOOKS				<i>Cr.</i>	
		GOODWILL ACCOUNT					
19..	To W. White's Capital .	£	s.	d.			
Dec. 31	(For purchase of	1,800	—	—			
	W. White's share						
	of Goodwill)						



EXERCISE XIII—No. 3 (*contd.*).

## CAPITAL ACCOUNTS

<i>Dr.</i>				BLACK				<i>Cr.</i>			
19..		£	s. d.	19..		£	s. d.				
Dec. 31	To Drawings . . . .	500	—	Jan. 1	By Balance . . . .	3,000	—				
" 31	" Balance c/d . . . .	3,000	—	Dec. 31	" Profit and Loss . .	500	—				
		£3,500	—			£3,500	—				
19..		£	s. d.	19..		£	s. d.				
Dec. 31	To Drawings . . . .	500	—	Jan. 1	By Balance b/d . . .	3,000	—				
" 31	" Balance c/d . . . .	3,100	—	Dec. 31	" Profit and Loss . .	600	—				
		£3,600	—			£3,600	—				
19..		£	s. d.	19..		£	s. d.				
Dec. 31	To Drawings . . . .	500	—	Jan. 1	By Balance b/d . . .	3,100	—				
" 31	" Balance c/d . . . .	3,275	—	Dec. 31	" Profit and Loss . .	675	—				
		£3,775	—			£3,775	—				
				Dec. 31	By Balance b/d . . .	3,275	—				
					(at end of 3 years)						

<i>Dr.</i>				WHITE				<i>Cr.</i>			
19..		£	s. d.	19..		£	s. d.				
Dec. 31	To Drawings . . . .	650	—	Jan. 1	By Balance . . . .	4,000	—				
" 31	" Balance c/d . . . .	3,850	—	Dec. 31	" Profit and Loss . .	500	—				
		£4,500	—			£4,500	—				
19..		£	s. d.	19..		£	s. d.				
Dec. 31	To Drawings . . . .	650	—	Jan. 1	By Balance b/d . . .	3,850	—				
" 31	" Balance c/d . . . .	3,800	—	Dec. 31	" Profit and Loss . .	600	—				
		£4,450	—			£4,450	—				
19..		£	s. d.	19..		£	s. d.				
Dec. 31	To Drawings . . . .	650	—	Jan. 1	By Balance b/d . . .	3,800	—				
" 31	" Balance c/d . . . .	3,825	—	Dec. 31	" Profit and Loss . .	675	—				
		£4,475	—			£4,475	—				
19..		£	s. d.	19..		£	s. d.				
Dec. 31	To Balance . . . . .	5,625	—	Dec. 31	By Balance b/d . . .	3,825	—				
	(Amount due and payable to White)				(at end of 3 years)						
				" 31	" Black (White's share of Goodwill taken over) . . . . .	1,800	—				
		£5,625	—			£5,625	—				

## EXERCISE XIII—No. 4.

(A) Each partner will receive CASH equal to the amount of his CAPITAL ACCOUNT as per Balance Sheet.

(B) As "A," and an additional sum to each partner as follows—

Robinson, £75 (being  $\frac{1}{2}$ )  
 Larkin, £60 (being  $\frac{1}{2}$ )  
 Sparrow, £45 (being  $\frac{1}{2}$ ) } of £180 (Profit on Realization).

(C) Each partner will receive a sum equal to Capital as per Balance Sheet LESS £1,040 13s. 4d., the Loss on Realization being £3,122.

## EXERCISE XIII—No. 5.

<i>Dr.</i>				REALIZATION ACCOUNT				<i>Cr.</i>			
19..	To Sundry Assets . . . (Equal to TOTAL of Capitals and other Liabilities)	£	s. d.	19..	By Cash . . . . .	£	s. d.	19..	By Cash . . . . .	£	s. d.
		10,250	—		" Balance (Loss) to Capital Accounts— Hawker, $\frac{2}{8}$ £2,416 Haigh, $\frac{2}{8}$ £604	7,230	—			7,230	—
										3,020	—
		£	10,250			£	10,250			£	10,250

<i>Dr.</i>				CASH BOOK				<i>Cr.</i>			
19..	To Realization Account	£	s. d.	19..	By Sundry Creditors . .	£	s. d.	19..	By Sundry Creditors . .	£	s. d.
		7,230	—		" Advances—	4,250	—		" Advances—	4,250	—
					Hawker. . . . .	1,500	—		Hawker. . . . .	1,500	—
					Haigh . . . . .	196	—		Haigh . . . . .	196	—
					" Capital Account—				" Capital Account—		
					Hawker. . . . .	1,284	—		Hawker. . . . .	1,284	—
		£	7,230			£	7,230			£	7,230

<i>Dr.</i>				CAPITAL ACCOUNT, HAWKER				<i>Cr.</i>			
19..	To Realization Account (Share of loss)	£	s. d.	19..	By Balance . . . . .	£	s. d.	19..	By Balance . . . . .	£	s. d.
	" Cash . . . . .	2,416	—			3,700	—			3,700	—
		1,284	—								
		£	3,700			£	3,700			£	3,700

<i>Dr.</i>				HAWKER (ADVANCE)				<i>Cr.</i>			
19..	To Cash . . . . .	£	s. d.	19..	By Cash . . . . .	£	s. d.	19..	By Cash . . . . .	£	s. d.
		£1,500	—			£1,500	—			£1,500	—

<i>Dr.</i>				CAPITAL ACCOUNT, HAIGH				<i>Cr.</i>			
19..	To Share of Loss on Realization. . . . .	£	s. d.	19..	By Balance . . . . .	£	s. d.	19..	By Balance . . . . .	£	s. d.
		604	—		" Transfer to Loan A/c	550	—		" Transfer to Loan A/c	550	—
						54	—			54	—
		£	604			£	604			£	604

<i>Dr.</i>				HAIGH (ADVANCE)				<i>Cr.</i>			
19..	To Transfer from Capital " Cash . . . . .	£	s. d.	19..	By Cash . . . . .	£	s. d.	19..	By Cash . . . . .	£	s. d.
		54	—			250	—			250	—
		196	—								
		£	250			£	250			£	250

## EXERCISE XIII—No. 6.

<i>Dr.</i>		REALIZATION ACCOUNT				<i>Cr.</i>			
19..	To Sundry Assets . .	£ 19,520	s. -	d. -	19..	By Cash . . . . .	£ 18,995	s. -	d. -
	„ Cash (Expenses) . .	110	-	-		„ Balance (loss) to Capital Accounts— Rogers, $\frac{3}{8}$ . £381 Hawley, $\frac{8}{8}$ . £254			
							635	-	-
		£ 19,630	-	-			£ 19,630	-	-

<i>Dr.</i>		CASH BOOK				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.
	To Balance . . . . .	2,000	—	—		By Sundry Creditors.	7,820	—	—
	„ Realization Account	18,995	—	—		„ Realization (Exps.) .	110	—	—
						„ Capital Accounts—			
						Rogers . . . . .	8,119	—	—
						Hawley. . . . .	5,246	—	—
		£ 20,995	—	—			£ 20,995	—	—

*Note.*—Each partner receives a Cash payment equal to original Capital less share of Loss on Realization.

## EXERCISE XIII—No. 7.

Dr.		CASH BOOK				Cr.					
19..	To Realization A/c . .	£	16,144	s.	d.	19..	By Creditors . . . . .	£	6,230	s.	d.
							„ Loan Account . . .		650		
							„ Capital Accounts—				
							Linton,     £3,860				
							Price,     £3,088				
							Westerby, £2,316				
									9,264		
		£	16,144					£	16,144		

## EXERCISE XIII—No. 8.

Dr.		REALIZATION ACCOUNT				Cr.			
19..	To Sundry Assets . .	£ 13,280	s. -	d. -	19..	By Cash . . . . .	£ 12,843	s. -	d. -
	„ Cash (Expenses) . .	85	-	-		„ Balance (Loss) to Capital Accounts— Wood, £222 Harrison, £184 Batty, £116			
							522	-	-
		£ 13,365	-	-			£ 13,365	-	-

EXERCISE XIII—No. 8 (*contd.*).

<i>Dr.</i>		CASH BOOK			<i>Cr.</i>	
19..		£	s.	d.	19..	
	To Balance . . . . .	475	—	—		By Creditors . . . . .
	„ Realization Account	12,843	—	—		„ Realization A/c . . . . .
						„ Capital Accounts—
						Wood . . . . .
						Harrison . . . . .
						Batty . . . . .
		£ 13,318	—	—		
						£ 13,318

## EXERCISE XIII—No. 9.

<i>Dr.</i>		REALIZATION ACCOUNT			<i>Cr.</i>	
19..		£	s.	d.	19..	
	To Sundry Assets . . .	4,450	—	—		By Cash . . . . .
						„ Capital Accounts—
						Partridge, $\frac{2}{3}$ £1,620
						Paterson, $\frac{1}{3}$ £ 810
		£4,450	—	—		2,430
						£4,450

<i>Dr.</i>		CAPITAL ACCOUNT, PARTRIDGE			<i>Cr.</i>	
19..		£	s.	d.	19..	
	To Realization . . . . .	1,620	—	—		By Balance . . . . .
	(Share of loss)					
	„ Balance c/d . . . . .	2,380	—	—		
		£4,000	—	—		
						By Balance b/d . . . . .
						2,380

<i>Dr.</i>		CAPITAL ACCOUNT, PATERSON (Overdrawn)			<i>Cr.</i>	
19..		£	s.	d.	19..	
	To Realization . . . . .	810	—	—		By Balance . . . . .
	(Share of loss)					„ Balance c/d . . . . .
		£810	—	—		
	To Balance b/d . . . . .	360	—	—		
						£810

## EXERCISE XIII—No. 10.

<i>Dr.</i>		CASH BOOK				<i>Cr.</i>	
		Bank.				Bank.	
19..	To Balance . . . . . (NET amount on Sale of Business)	£	s. d.	19..	By Creditors . . . . . " Loan (FINCHLEY'S) . . " Capital Accounts— Finchley . . . . . Williams . . . . .	£	s. d.
		13,660	— —			4,520	— —
						1,500	— —
						5,710	— —
						1,930	— —
		£	13,660			£	13,660

*Note.*—The NET sum received on sale of the business represented a GAIN of £390, i.e. the difference between £13,660 and £13,270 (value of business sold). The profit on Realization is shared by the partners as follows—

Finchley receives  $\frac{2}{3}$  or £260.  
Williams receives  $\frac{1}{3}$  or £130.

The above sums would be received in addition to original capitals.

## EXERCISE XIII—No. 11.

<i>Dr.</i>		PROFIT ON REALIZATION ACCOUNT				<i>Cr.</i>	
19..	To Capital Accounts— X, $\frac{1}{3}$ share . . . . . Y, $\frac{2}{3}$ share . . . . . Z, $\frac{1}{3}$ share . . . . .	£	s. d.	19..	By Balance . . . . .	£	s. d.
		260	— —			520	— —
		156	— —				
		104	— —				
		£520	— —			£520	— —

<i>Dr.</i>		CASH BOOK				<i>Cr.</i>	
19..	To Balance . . . . .	£	s. d.	19..	By Creditors . . . . . " Capital Accounts— X, $\frac{1}{3}$ . . . . . Y, $\frac{2}{3}$ . . . . .	£	s. d.
		11,550	— —			464	— —
						6,080	— —
						5,006	— —
		£	11,550			£	11,550

<i>Dr.</i>		CAPITAL ACCOUNT, X				<i>Cr.</i>	
19..	To Z's Capital . . . . . ( $\frac{1}{3}$ share) " Cash . . . . .	£	s. d.	19..	By Balance . . . . . " Profit on Realization (Share of profit)	£	s. d.
		180	— —			6,000	— —
		6,080	— —			260	— —
		£6,260	— —			£6,260	— —

## EXERCISE XIII—No. 11 (contd.).

Dr.		CAPITAL ACCOUNT, Y				Cr.		
19..	To Z's Capital . . . . ( $\frac{1}{2}$ share) . . . . ,, Cash . . . . .	£ 150 5,006 <u>£5,156</u>	s. — — —	d. — — —	19..	By Balance . . . . . ,, Profit on Realization (Share of profit)	£ 5,000 156 <u>£5,156</u>	s. d. — — —

Dr.		CAPITAL ACCOUNT, Z (Overdrawn)				Cr.	
19..	To Balance . . . . .	£ 434	s. —	d. —	19..	By Profit on Realization (Share of profit) " Capital Accounts— X, $\frac{1}{2}$ share £180 Y, $\frac{1}{2}$ share £150 — 330	£ 104 — — —
		£434	—	—			£434

## EXERCISE XIII—No. 12.

Dr.				REALIZATION ACCOUNT				Cr.			
19..	To Sundry Assets . . .	£	s.	d.	19..	By Cash . . . . .	£	s.	d.		
	„ Cash (Expenses) . .	14,680	—	—		„ Balance (Loss) to	13,725	—	—		
		185	—	—		Deficiency A/c—					
						X, $\frac{1}{2}$ . . .	£570				
						Y, $\frac{1}{2}$ . . .	£380				
						Z, $\frac{1}{2}$ . . .	£190				
								1,140	—		
		£14,865	—	—			£14,865	—	—		

Dr.				DEFICIENCY ACCOUNT				Cr.			
19..	To Realization Account (For loss on Realiza- tion transferred)	£ 1,140	s. — d. —	19..	By Cash— X . . . . . 570 Y . . . . . 380 Z . . . . . 190 " (Amount trans- ferred to his over- drawn account)	£ 570 380 190 £1,140	s. — — — — d. — — — —				
		£1,140	— —								

EXERCISE XIII—No. 12 (*contd.*).

Dr.			CASH BOOK			Cr.		
19..	To Balance . . . .	£ 425	s. —	d. —	19..	By Bills Payable . . . .	£ 805	s. —
	„ Realization A/c . . . .	13,725	—	—		„ Bank Overdraft . . . .	2,000	—
	„ Z (amount received from his estate) . . . .	90	—	—		„ Sundry Creditors . . . .	1,650	—
	„ Deficiency—					„ Realization (Exps.) . . . .	185	—
	X, . . . . £570					„ Capital Accounts—		
	Y, . . . . £380					X, $\frac{3}{5}$ share . . . . £6,330		
		950	—	—		Y, $\frac{2}{5}$ share . . . . £4,220		
		£ 15,190	—	—			10,550	—
							£ 15,190	—

Notes.—(1) X receives CASH as above, i.e. £6,330; but as this amount includes his contribution on Deficiency, he receives only £5,760.

Y receives £4,220, which, as in the case of X, includes his contribution on Deficiency, therefore he receives only £3,840.

(2) Z's (overdrawn) account is equal to £350 + £190 (his share of Deficiency) less £90, £450, which sum is borne by X and Y in the ratio of their Capitals, i.e. X bears  $\frac{3}{5}$ , £270; Y bears  $\frac{2}{5}$ , £180.

## EXERCISE XIII—No. 13.

Dr.			CAPITAL ACCOUNTS			Cr.		
			A					
19..	To C's Capital . . . .	£ 138	s. 17	d. 9	19..	By Balance . . . .	£ 5,000	s. —
	( $\frac{3}{5}$ share)					„ Realization . . . .	750	—
	„ Cash . . . . .	5,611	2	3		( $\frac{1}{3}$ share of profit)		
		£5,750	—	—			£5,750	—
			B					
19..	To C's Capital . . . .	£ 111	s. 2	d. 3	19..	By Balance . . . .	£ 4,000	s. —
	( $\frac{2}{3}$ share)					„ Realization . . . .	500	—
	„ Cash . . . . .	4,388	17	9		( $\frac{1}{3}$ share of profit)		
		£4,500	—	—			£4,500	—
			C					
			(Overdrawn)					
19..	To Balance . . . .	£ 500	s. —	d. —	19..	By Realization . . . .	£ 250	s. —
						( $\frac{1}{3}$ share of profit)		
						„ Capital Accounts—		
						A, $\frac{2}{3}$ share . . . .	138	17 9
						B, $\frac{1}{3}$ share . . . .	111	2 3
		£500	—	—			£500	—

Notes.—(1) The Profit on Realization is £1,500 based on the difference between Purchase Price of £10,000 + Liabilities of £370 and total Assets £8,870.

(2) The balance of Realization A/c is shared by partners in the same ratio as profits.

(3) C's NET deficiency is borne by A and B in the ratio of their Capitals, i.e. A bears  $\frac{2}{3}$  and B  $\frac{1}{3}$ .

## EXERCISE XIII—No. 14.

Dr.				DEFICIENCY ACCOUNT				Cr.			
19..	To Balance . . . .	£	s. d.	19..	By Cash—	£	s. d.				
		700	— —		Hawker . . . .	300	— —				
					Joycelyn . . . .	200	— —				
					„ Balance transferred						
					to Capital A/c—						
					Temple 2/3 . . £200	200	— —				
		£700	— —			£700	— —				

Dr.		CASH BOOK				Cr.				
19..	To Balance . . . .	£	900	s.	d.	19..	By Capital Account—	£	s.	d.
	„ Deficiency . . . .		300	—	—		Hawker . . . .	1,400	—	—
	(Sum brought in									
	by Hawker)									
	do. Joycelyn . . .		200	—	—					
			£1,400	—	—				£1,400	—

<i>Dr.</i>		CAPITAL ACCOUNT, HAWKER				<i>Cr.</i>			
19..	To <i>Capital Account</i> —	£	s.	d.	19..	By Balance . . . .	£	s.	d.
	Temple . . . .	400	—	—			1,800	—	—
	„ Cash . . . .	1,400	—	—					
		<u>£1,800</u>	—	—			<u>£1,800</u>	—	—

## EXERCISE XIII—No. 15.

The answer to this question is adequately dealt with at the end of *Advanced Accounts*.



## EXERCISE XIII—No. 16.

<i>Dr.</i>			REALIZATION ACCOUNT			<i>Cr.</i>		
19..	To Sundry Assets . . .	£ 7,000	s. -	d. -	19..	By Cash . . . . .	£ 6,300	s. -
	" Cash (Expenses) . .	300	-	-		" Discounts Received .	100	-
						" Balance (Loss) to Deficiency A/c . . .	900	-
		<u>£7,300</u>	-	-			<u>£7,300</u>	-

<i>Dr.</i>			DEFICIENCY ACCOUNT			<i>Cr.</i>		
19..	To Realization Account (Transfer of loss)	£ 900	s. -	d. -	19..	By Cash—	£	s. d.
						Brown . . . . .	450	-
						Jones . . . . .	300	-
						" Robinson . . . . .	150	-
						(For transfer to his overdrawn a/c)		
		<u>£900</u>	-	-			<u>£900</u>	-

<i>Dr.</i>			CASH BOOK			<i>Cr.</i>		
19..	To Balance . . . . .	£ 1,400	s. -	d. -	19..	By Sundry Creditors . .	£ 2,900	s. -
	" Realization Account	6,300	-	-		" Realization Account (Expenses)	300	-
	" Capital Account—					" Loan on Mortgage . .	400	-
	Robinson . . . . .	216	13	4			3,600	-
	(For dividend of 6/8 in £ from his estate)					" Capital Accounts—		
	" Deficiency Account:					Brown, £ 3,229 1/2		
	Brown . . . £450					Jones, £ 1,837 1/2		
	Jones . . . £300						5,066	13 4
		<u>750</u>	-	-			<u>£8,666</u>	13 4
		<u>£8,666</u>	13	4				

<i>Dr.</i>			CAPITAL ACCOUNT, BROWN			<i>Cr.</i>		
19..	To Cash . . . . .	£ 2,500	s. -	d. -	19..	By Balance . . . . .	£ 2,500	s. -

<i>Dr.</i>			DRAWINGS ACCOUNT, BROWN			<i>Cr.</i>		
19..	To Robinson's O/drawn	£ 270	s. 16	d. 8	19..	By Balance . . . . .	£ 1,000	s. -
	" Cash . . . . .	729	3	4				
		<u>£1,000</u>	-	-			<u>£1,000</u>	-

EXERCISE XIII—No. 16 (*contd.*).

<i>Dr.</i>			CAPITAL ACCOUNT, JONES			<i>Cr.</i>		
19..	To Cash . . . . .	£ 1,500	s. —	d. —	19..	By Balance . . . . .	£ 1,500	s. — d. —

<i>Dr.</i>			DRAWINGS ACCOUNT, JONES			<i>Cr.</i>		
19..	To Robinson's O/drawn	£ 162	s. 10	d. —	19..	By Balance . . . . .	£ 500	s. — d. —
	„ Cash . . . . .	337	10	—			£ 500	— —
		£ 500	—	—			£ 500	— —

<i>Dr.</i>			CAPITAL ACCOUNT, ROBINSON (Overdrawn)			<i>Cr.</i>		
19..	To Balance . . . . .	£ 500	s. —	d. —	19..	By Cash . . . . .	£ 216	s. 13 d. 4
	„ Deficiency . . . . .	150	—	—		„ Drawings Accounts— Brown, $\frac{1}{2}$ £270/16/8 Jones, $\frac{1}{2}$ 162/10/—	433	6 8
		£ 650	—	—			£ 650	— —

## EXERCISE XIII—No. 17.

<i>Dr.</i>			REALIZATION ACCOUNT			<i>Cr.</i>		
19..	To Sundry Assets . . .	£ 18,282	s. —	d. —	19..	By Cash . . . . .	£ 8,600	s. — d. —
	„ Cash (Expenses) . .	300	—	—		„ Balance (loss) to Profit and Loss A/c	9,982	— —
		£ 18,582	—	—			£ 18,582	— —

<i>Dr.</i>			PROFIT AND LOSS ACCOUNT			<i>Cr.</i>		
19..	To Realization Account (Loss on Realiza- tion transferred)	£ 9,982	s. —	d. —	19..	By Sundry Creditors . .	£ 2,800	s. — d. —
						„ Capital Accounts— Morgan, $\frac{1}{2}$ £4,788 Newell, $\frac{1}{2}$ £2,394	7,182	— —
		£ 9,982	—	—			£ 9,982	— —

EXERCISE XIII—No. 17 (*contd.*).

<i>Dr.</i>		CASH BOOK				<i>Cr.</i>	
19..	To Balance . . . . .	£ 800	s. d.	19..	By Realization (Exps.) . .	£ 300	s. d.
	„ Realization A/c . .	8,600	— —		„ Sundry Creditors. . .	9,200	— —
		£9,500	— —			£9,500	— —

*Note.*—The creditors receive a dividend of 15s. 4d. in the £, i.e.  $\frac{£9,200}{£12,000}$  to each creditor.

<i>Dr.</i>		CAPITAL ACCOUNT, MORGAN		<i>Cr.</i>			
19..	To Profit and Loss A/c . (Share of loss)	£ 4,788	s. d. — —	19..	By Balance . . . . .	£ 4,720	s. d. — —
					„ Balance . . . . . (due from Newell)	68	— —
		£4,788	— —			£4,788	— —

<i>Dr.</i>		CAPITAL ACCOUNT, NEWELL				<i>Cr.</i>			
19..	To Profit and Loss . .	£	s.	d.	19..	By Balance . . . . .	£	s.	d.
	„ Balance . . . . .	2,394	—	—			2,462	—	—
	(due to Morgan)	68	—	—					
		£2,462	—	—			£2,462	—	—

<i>Dr.</i>		SUNDRY CREDITORS				<i>Cr.</i>			
19..	To Cash . . . . .	£	s.	d.	19..	By Balance . . . . .	£	s.	d.
	„ Profit and Loss . .	9,200	—	—			12,000	—	—
		2,800	—	—					
		<u>12,000</u>	—	—			<u>12,000</u>	—	—

Dr.		SUNDRY DEBTORS				Cr.			
19..	To Balance . . . . .	£	s.	d.	19..	By Realization A/c . .	£	s.	d.
		4,082	-	-			4,082	-	-

Dr.		STOCK ACCOUNT				Cr.			
19..	To Balance . . . . .	£	s.	d.	19..	By Realization A/c . .	£	s.	d.
		4,320	-	-			4,320	-	-
		<u>4,320</u>	<u>-</u>	<u>-</u>			<u>4,320</u>	<u>-</u>	<u>-</u>

EXERCISE XIII—No. 17 (contd.).

Dr.					FIXTURES AND FITTINGS ACCOUNT					Cr.				
19..			£	s.	d.	19..			£	s.	d.			
	To Balance . . . .		3,080	-	-		By Realization A/c . .		3,080	-	-			

Dr.		GOODWILL ACCOUNT				Cr.			
19..	To Balance . . . .	<u>£</u> 6,800	<u>s.</u> —	<u>d.</u> —	19..	By Realization A/c. .	<u>£</u> 6,800	<u>s.</u> —	<u>d.</u> —

EXERCISE XIII—No. 18.

Dr.				REALIZATION ACCOUNT				Cr.			
19..	To Sundry Assets . .	£	s. d.	19..	By Cash . . . . .	£	s. d.				
	„ Cash (Expenses) . .	9,900	— —		„ Discounts Received .	10,500	— —				
	„ Capital Accounts—	64	— —			40	— —				
	Wyatt, $\frac{1}{2}$ . . . . .	£288									
	Dawson, $\frac{1}{2}$ . . . . .	288									
		576	— —								
		£ 10,540	— —			£ 10,540	— —				

Dr.		CASH BOOK						Cr.	
19..		£	s.	d.	19..		£	s.	d.
	To Balance . . . . .	1,000				By Sundry Creditors. .	860	—	—
	„ Realization Account	10,500				„ Realization (Exps.) .	64	—	—
						„ Capital Accounts—			
						Wyatt . . .£6,288			
						Dawson. .£4,288			
							10,576	—	—
		£	11,500	—			£	11,500	—

Dr.		CAPITAL ACCOUNT, WYATT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
	To Cash . . . . .	6,288	-	-		By Balance . . . . .	6,000	-	-
						„ Realization Account: (Share of profit)	288	-	-
		<u>£6,288</u>	-	-			<u>£6,288</u>	-	-

Dr.				CAPITAL ACCOUNT, DAWSON				Cr.			
19..	To Cash . . . . .	£	s.	d.	19..	By Balance . . . . .	£	s.	d.		
		4,288	-	-		„ Realization . . . .	4,000	-	-		
						(Share of profit)	288	-	-		
		£4,288	-	-			£4,288	-	-		

EXERCISE XIII—No. 18 (*contd.*).

<i>Dr.</i>			SUNDRY CREDITORS			<i>Cr.</i>		
19..	To Cash . . . . .	£ 860	s. —	d. —	19..	By Balance . . . . .	£ 900	s. — d. —
	„ Realization Account (Discts.transferred)	40	—	—				
		£900	—	—			£900	— —

<i>Dr.</i>			SUNDRY DEBTORS			<i>Cr.</i>		
19..	To Balance . . . . .	£ 1,900	s. —	d. —	19..	By Realization A/c . .	£ 1,900	s. — d. —

<i>Dr.</i>			STOCK ACCOUNT			<i>Cr.</i>		
19..	To Balance . . . . .	£ 5,000	s. —	d. —	19..	By Realization A/c . .	£ 5,000	s. — d. —

<i>Dr.</i>			FIXTURES AND FITTINGS ACCOUNT			<i>Cr.</i>		
19..	To Balance . . . . .	£ 1,000	s. —	d. —	19..	By Realization A/c . .	£ 1,000	s. — d. —

<i>Dr.</i>			LEASE ACCOUNT			<i>Cr.</i>		
19..	To Balance . . . . .	£ 2,000	s. —	d. —	19..	By Realization A/c . .	£ 2,000	s. — d. —

## EXERCISE XIII—No. 19.

## JOURNAL ENTRY

		£	s.	d.	£	s.	d.
19..							
Jan. 1	<i>Capital Accounts—</i>						
	Johnson ( $\frac{1}{3}$ of £1,200) . . .	400	—	—			
	Moore ( $\frac{1}{3}$ of £1,200) . . .	300	—	—			
	Elliott ( $\frac{1}{3}$ of £1,200) . . .	300	—	—			
	Graham ( $\frac{1}{3}$ of £1,200) . . .	200	—	—			
	<i>To Capital Accounts—</i>						
	Johnson (5% of £8,500) . . .				425	—	—
	Moore (5% of £5,500) . . .				275	—	—
	Elliott (5% of £5,500) . . .				275	—	—
	Graham (5% of £4,500) . . .				225	—	—
		£1,200	—	—	£1,200	—	—

## EXERCISE XIII—No. 20.

$$\begin{array}{rcl}
 \text{X's Capital} & = \text{£}8,000 + \frac{8}{18} \text{ of } \text{£}1,300 \text{ (goodwill)} & = \text{£}8,800 \\
 \text{Y's Capital} & = \text{£}5,000 + \frac{8}{18} \text{ of } \text{£}1,300 \text{ (goodwill)} & = \text{£}5,500 \\
 \text{Z's Capital} & = \text{£}4,600 - \text{£}1,300 \text{ (goodwill)} & = \text{£}3,300 \\
 & & \underline{\underline{\text{£}17,600}}
 \end{array}$$

∴ The proportions in which profit will be shared are as under—

X will receive  $\frac{8}{18}$  share.  
 Y will receive  $\frac{8}{18}$  share.  
 Z will receive  $\frac{8}{18}$  share.

MESSRS. FARMER & RIGHT

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

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EXERCISE XIII—No. 21 (*contd.*):

MESSRS. FARMER & RIGHT

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.		£	s.	d.	£	s.	d.
Cash Creditor	.				2,070	—	—
Bills Payable.	.				997	12	—
Sundry Creditors	.	1,954	—				
Less Discount Reserve	.	48	17	—			
<i>Capital Accounts—</i>					1,905	3	—
<i>F. Farmer :</i>							
Balance, 1st Jan.	.	4,620	—	—			
Add Interest	.	231	—	—			
„ Share of Profit.	.	358	5	9			
		5,209	5	9			
Less Drawings.	.	420	10	6	4,788	15	3
<i>R. Right :</i>							
Balance, 1st Jan.	.	3,780	—	—			
Add Interest	.	189	—	—			
„ Share of Profit.	.	238	17	2			
		4,207	17	2			
Less Drawings.	.	320	10	6	3,887	6	8
					£		
					13,648	16	11
					£		
					13,648	16	11



## EXERCISE XIII—No. 22.

## SMITH, THOMPSON &amp; CO.

## TRADING ACCOUNT

<i>Dr.</i>		FOR THE YEAR ENDED 31ST DECEMBER, 19..										<i>Cr.</i>	
	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
To Stocks, 1st Jan.							By Sales—						
Copper . . .	12,008	—	3				Copper . . .	37,445	7	1			
Tin . . .	875	11	4				Tin . . .	9,476	3	8			
Iron . . .	3,026	14	—				Iron . . .	87,753	11	6			
				15,910	5	7	Pig Iron . .	76,942	8	—			
“ Purchases—							“ Stocks,				211,617	10	3
Copper . . .	40,170	12	—				31st Dec.						
Tin . . .	8,426	18	9				Copper . . .	22,111	14	2			
Iron . . .	86,983	7	2				Tin . . .	617	18	10			
Pig Iron . .	75,536	14	1				Iron . . .	6,513	4	1			
				211,117	12	—					29,242	17	1
“ Carriage . . .				1,463	13	7							
“ Bal., Gross Profit				12,368	16	2							
				£240,860	7	4					£240,860	7	4

## SMITH, THOMPSON &amp; CO.

## PROFIT AND LOSS ACCOUNT

<i>Dr.</i>				FOR THE YEAR ENDED 31ST DECEMBER, 19..								<i>Cr.</i>			
	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.		
To Loss on Discounting Bills . . .				829	7	3	By Trading Account								
" Rent . . .				200	—	—	Gross Profit . .				12,368	16	2		
" Discounts allowed				4,423	9	11									
" Salaries of Office Staff . . .				316	4	—									
" Partshp. Salaries . .				1,000	—	—									
" Warehouse Wages . .				226	—	—									
" Bank Interest . . .				332	12	4									
" Office and Warehouse Exps. . .				574	19	9									
" Int. on Cap. A/cs															
Wm. Smith:															
(5% of £15,000).	750	—	—												
Jos. Thompson															
(5% of £12,000).	600	—	—	1,350	—	—									
" Bal.—Net Profit to Cap. A/cs—															
Wm. Smith:															
½ share . . .	1,558	1	6												
Jos. Thompson															
½ share . . .	1,558	1	5	3,116	2	11									
				£12,368	16	2					£12,368	16	2		



## EXERCISE XIII—No. 23 (contd.).

Dr.		MOTOR VEHICLES			5	Cr.			
19.. Aug. 31	To Balance . . . b/d	£	s.	d.	19.. Aug. 31	By Realization A/c . . . 9	£	s.	d.
		<u>1,400</u>	<u>—</u>	<u>—</u>			<u>1,400</u>	<u>—</u>	<u>—</u>

Dr.		SUNDRY CREDITORS				6	Cr.			
19.. Aug. 31	To Cash . . . . . 1	£	s.	d.	19.. Aug. 31	By Balance . . . . . b/d	£	s.	d.	
	" P. & L. on Realization Account . . . 10	2,201	—	—			3,459	—	—	
		1,258	—	—						
		<u>£3,459</u>	—	—			<u>£3,459</u>	—	—	

Dr.		HARDY—CAPITAL ACCOUNT				7	Cr.				
19.. Aug. 31	To P.&L. on Realization A/c . . .	10	£	s.	d.	19.. Aug. 31	By Balance . . .	b/d	£	s.	d.
			744	—	—		„ Ivor—Capital A/c . . .	8	708	—	—
			£744	—	—				36	—	—
									£744	—	—

Dr.		IVOR—CAPITAL ACCOUNT				8	Cr.				
19.. Aug. 31	To P. & L. on Realization A/c .	10	£	s.	d.	19.. Aug. 31	By Balance .	b/d	£	s.	d.
	„ Hardy—Capita A/c .	7	372	—	—				408	—	—
			36	—	—						
			<u>£408</u>	<u>—</u>	<u>—</u>				<u>£408</u>	<u>—</u>	<u>—</u>

Dr.		REALIZATION ACCOUNT				9	Cr.				
19.. Aug. 31	To Sundry Debtors	2	£	s.	d.	19.. Aug. 31	By Cash	1	£	s.	d.
	" Stock	3	215	—	—		" Balance to P. & L. on Realization Account	10	2,040	—	—
	" Fixtures	4	860	—	—				2,374	—	—
	" Motor Vehicles	5	1,900	—	—						
	" Cash—Realiza- tion Expenses	1	1,400	—	—						
			39	—	—						
			£4,414	—	—				£4,414	—	—

Dr.		PROFIT AND LOSS ON REALIZATION ACCOUNT					10	Cr.	
19.. Aug. 31	To Realization A/c . . . 9	£	s.	d.	19.. Aug. 31	By Sundry Creditors . . . 6	£	s.	d.
		2,374	—	—		" Capital: Hardy . . . 7	1,258	—	—
						" Capital: Ivor . . . 8	744	—	—
							372	—	—
		<u>£2,374</u>	<u>—</u>	<u>—</u>			<u>£2,374</u>	<u>—</u>	<u>—</u>

The dividend paid to creditors is £ $\frac{2201}{3459}$  12/8 $\frac{1}{2}$  in the £.

Dr.

GOODWILL ACCOUNT

Cr.

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STATEMENT SHOWING NET AMOUNT GAINED OR LOST BY EACH PARTNER IN RESPECT OF GOODWILL

	A				B				C		
	£	s.	d.		£	s.	d.		£	s.	d.
Cash received from B	1,500	—	—								
Jan. 1 1928											
Amount of Goodwill brought into books	4,000	—	—				2,000	—			
Jan. 1 1936											
Share of profit on sale of Goodwill	1,416	13	4				1,133	6	8		
Dec. 31									850	—	
Less cash paid for share of Goodwill	5,916	13	4		1,500		3,133	6	8		
" share of amount written off Goodwill	1,666	13	4		1,333	6	2,833	6	8		
Respective gains by A and B and loss by C	£5,250	—	—				300	—	150	—	

# KEY TO ADVANCED ACCOUNTS

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## EXERCISE XIII—No. 25.

(1) Expenses for the year	£1,939
(2) Net Profit before charging Partners' Interest	£1,639
(3) Balance of—	
Current Account X	£230
Current Account Y	£74
	<u>£304</u>
Proof { Assets	£6,651
Liabilities (as per Question)	£6,347
Amount as above	<u>£304</u>

## EXERCISE XIII—No. 26.

### PROFIT AND LOSS ACCOUNT

Dr.				Cr.			
FOR HALF-YEAR ENDED 30TH JUNE, 19..							
To Interest on Capital Accounts—	£	s.	d.	By Balance	£	s.	d.
T. Fisher	91	5	—	Interest on H. Gray's Over-	1,256	—	—
(5% of £3,650 for 6 mos.)				drawn—			
D. Green	91	5	—	(£250 for 6 mos. @ 5%)	6	5	—
(5% of £3,650 for 6 mos.)				(£65 for 3 mos. @ 5%)	16	3	
" Balance, Net Profit to Cap. A/cs.	360	3	9				
T. Fisher (½ share)	360	3	9				
D. Green (½ share)	360	3	9				
H. Gray (½ share)	360	3	9				
	<u>£1,263</u>	<u>1</u>	<u>3</u>		<u>£1,263</u>	<u>1</u>	<u>3</u>

### CAPITAL ACCOUNTS

T. FISHER (CREDIT SIDE)				D. GREEN (CREDIT SIDE)			
19..	By Balance	£	s.	19..	By Balance	£	s.
Jan. 1	Interest	3,650	—	Jan. 1	Interest	3,650	—
June 30	Profit and Loss	91	5	June 30	Profit and Loss	91	5
" 30	(Share of profit)	360	3	" 30	(Share of profit)	360	3
		4,101	8		Less Drawings	4,101	8
		250	—			250	—
		<u>£3,851</u>	<u>8</u>			<u>£3,851</u>	<u>8</u>

Dr.				H. GRAY (Overdrawn)				Cr.			
19..	To Balance . . . .	£	s.	d.	19..	By Profit and Loss . .	£	s.	d.		
Jan. 1	" Drawings . . . .	250	—	—	June 30	(Share of profit) . .	360	3	9		
June 30	" Interest . . . .	355	7	1 3	" 30	" Balance c/d . .	251	17	6		
		£612	1	3			£612	1	3		
		251	17	6							
June 30	To Balance b/d . . .										

## EXERCISE XIII—No. 27.

## PROFIT AND LOSS ACCOUNT

<i>Dr.</i>	FOR THE YEAR ENDED 31ST DECEMBER, 19..			<i>Cr.</i>
To Interest on Capital Accounts—	£	s.	d.	
Cowan (5% of £5,450) . . .	272	10	—	
Bennett (5% of £4,520) . . .	226	—	—	
„ Loan Interest (due to Bennett) . . .	37	10	—	
„ Partnership Salary (due to Bennett) . . .	300	—	—	
„ Rent (due to Cowan) . . .	500	—	—	
„ Balance, Net Profit to Cap. A/cs:—				
Cowan ( $\frac{3}{5}$ share) . . .	657	—	—	
Bennett ( $\frac{2}{5}$ share) . . .	657	—	—	
	£2,650	—	—	
				£2,650 — —

## CAPITAL ACCOUNTS

BENNETT (CREDIT SIDE)				COWAN (CREDIT SIDE)			
19..		£	s. d.	19..		£	s. d.
Jan. 1	By Balance . . .	4,520	—	Jan. 1	By Balance . . .	5,450	—
„ 1	„ Cash (loan) . . .	1,000	—	Dec. 31	„ Interest . . .	272	10
Dec. 31	„ Interest . . .	226	—	„ 31	„ Rent . . .	500	—
„ 31	„ Loan Interest . . .	37	10	„ 31	„ Profit and Loss . . .	657	—
„ 31	„ Salary . . .	300	—		(Share of profit)		
„ 31	„ Profit and Loss . . .	657	—				
	(Share of profit)						
		£6,740	10 —			£6,879	10 —

## EXERCISE XIII—No. 28.

## JOURNAL

Goodwill Account . . .	£2,000	s. d.	£	s. d.
To A. Aplin's Capital Account, $\frac{3}{5}$ . . .		—	1,200	—
„ C. Charles's Capital Account, $\frac{2}{5}$ . . .		—	800	—
For their respective shares of goodwill.		—		—
	£2,000	—	£2,000	—

(Dr. SIDE)

## CASH BOOK

				Bank.
				£
				s. d.
To P. Paton's Capital Account . . .				1,500 — —
Allocation of Profits are as under—				
A. Aplin's share will be $\frac{3}{5}$ of $\frac{2}{5}$ = $\frac{6}{25}$				
C. Charles's share will be $\frac{2}{5}$ of $\frac{2}{5}$ = $\frac{4}{25}$				
P. Paton (as agreed) will take $\frac{1}{5}$ or $\frac{8}{25}$				

## EXERCISE XIII—No. 29.

<i>Dr.</i>		CASH BOOK				<i>Cr.</i>			
		Bank.				Bank.			
19..	To M. Marsden's Capital	£	s.	d.	19..	By B. Blackburn's Cap..	£	s.	d.
	„ B. Blackburn's Cap..	1,560	—	—		(Share of Goodwill	160	—	—
	( $\frac{3}{4}$ of premium paid	160	—	—		withdrawn)			
	for Goodwill)					„ P. Pinner's Capital	80	—	—
	„ P. Pinner's Capital	80	—	—		(Share of Goodwill			
	( $\frac{1}{4}$ of premium paid					withdrawn)			
	for Goodwill)					„ Balance c/d . . .	1,560	—	—
		<u>£1,800</u>	—	—			<u>£1,800</u>	—	—
	To Balance b/d . . .	1,560	—	—					

## EXERCISE XIII—No. 30.

CASH BOOK  
(DEBIT SIDE)

	Bank.		
	£	s.	d.
To R. Reid's Capital . . . . .	1,560	—	—
„ G. Gardner's Capital . . . . .	160	—	—
(For $\frac{2}{3}$ share of premium)			
„ C. Campbell's Capital . . . . .	80	—	—
(For $\frac{1}{3}$ share of premium).			
	£1,800	—	—

## EXERCISE XIV—No. 1.

<i>Dr.</i>		BRANCH ACCOUNT				<i>Cr.</i>		
19..		£	s.	d.				
Mar. 1	To Goods to Branches .	950	—	—				
<i>Dr.</i>		GOODS SENT TO BRANCHES				<i>Cr.</i>		
					19..	£	s.	d.
					Mar. 1	950	—	—
					By Branch A/c .			

## EXERCISE XIV—No. 2.

<i>Dr.</i>		HEAD OFFICE BOOKS				<i>Cr.</i>		
		BRANCH ACCOUNT						
19..		£	s.	d.	19..	£	s.	d.
Jan. 1	To Balance . . .	816	10	2	Dec. 31	By Cash . . .	6,871	16 8
Dec. 31	" Goods from H.O. . .	5,508	15	4	" 31	" Returns to H.O. . .	42	10 9
" 31	" Cash (Wages) . . .	362	5	8	" 31	" Stock c/d . . .	795	15 4
" 31	" " (Rent) . . .	140	10	6				
" 31	" Cash (Rates, Taxes, and Insurance) . . .	65	11	9				
" 31	" Cash (Sundry Exps.) . .	81	4	3				
" 31	" Profit and Loss A/c . .	735	5	1				
	(Profit)							
		£7,710	2	9			£7,710	2 9
Dec. 31	To Stock b/d . . .	795	15	4				



HEAD OFFICE BOOKS  
BRANCH ACCOUNT

Cy.

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## EXERCISE XIV—No. 3 (A) (contd.).

<i>Dr.</i>		BRANCH ACCOUNT ( <i>contd.</i> ).					<i>Cr.</i>		
		£	s.	d.			£	s.	d.
19..					19..				
D.c. 31	To Wages and Salaries .	372	6	9	Dec. 31	By Trading A/c .	1,704	15	2
" 31	" Rates, Taxes & Insnce.	80	10	4		(Gross Profit)			
" 31	" Rent .	145	15	6					
" 31	" Sundry Expenses .	39	14	11					
" 31	" Balance, NET Profit .	1,066	7	8					
		<u>£1,704</u>	<u>15</u>	<u>2</u>			<u>£1,704</u>	<u>15</u>	<u>2</u>

## EXERCISE XIV—No. 3 (B).

## HEAD OFFICE BOOKS

Dr.		BRANCH ACCOUNT				Cr			
19..		£	s.	d.	19..	£	s.	d.	
Jan. 1	To Stock .	920	16	8	Jan.-Dec.	By Cash .	6,855	—	8
Jan.-Dec.	„ Goods from H.O. :	6,841	19	4	Dec. 31	„ Stock c/d .	895	15	4
					„ 31	„ Branch Adjustm't	12	—	—
						„ A/c (apparent loss)			
		<u>£7,762</u>	<u>16</u>	<u>—</u>			<u>£7,762</u>	<u>16</u>	<u>—</u>

<i>Dr.</i>		BRANCH ADJUSTMENT ACCOUNT				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Balance (% on Stock)	223	18	10	Dec. 31	By Balance (% on Stock)	230	4	2
" 31	" Branch A/c	12	—	—	" 31	" Goods sent to Brchs.	1,710	9	10
	(apparent loss)					(% on Goods)			
" 31	" Branch Profit & Loss	1,704	15	2					
	(Gross Profit)								
		<u>£1,940</u>	<u>14</u>	<u>—</u>			<u>£1,940</u>	<u>14</u>	<u>—</u>

<i>D</i>		GOODS SENT TO BRANCHES				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Branch Adjustm't A/c	1,710	9	10	Jan.-Dec.	By Branch A/c .	6,841	19	4
" 31	" Trading A/c	5,131	9	6					
	(Goods at Cost)								
		£6,841	19	4			£6,841	19	4

## HEAD OFFICE BOOKS

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## EXERCISE XIV—No. 4 (b).

Dr.		BRANCH GOODS ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
Jan. 1	To Balance	625	13	4	June 30	By Sales—			
Jan.-June	„ Goods from H.O.	2,517	16	8		Cash .£1,608/11/5			
„	„ Returns Inwards	28	11	4		Credit . 2,976/14/2	4,585	5	7
„	„ Allowances	13	8	11	„ 30	„ Returns to H.O.	42	—	—
„	„ Branch Profit and				„ 30	„ Stock c/d	595	15	6
„	Loss A/c	2,037	10	10					
„	(Gross Profit)								
		£5,223	1	1			£5,223	1	1
July 1	To Bal. (Stock) b/d	595	15	6					

Dr.		BRANCH EXPENSES ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
June 30	To Rent, Rates, etc.	108	12	7	June 30	By Branch Profit and			
„ 30	„ Wages and Salaries	294	6	8		Loss A/c (Transfer)	817	3	5
„ 30	„ Sundry Expenses	63	12	5					
„ 30	„ Bad Debts	218	6	3					
„ 30	„ Discounts	132	5	6					
		£817	3	5			£817	3	5

Dr.		BRANCH DEBTORS' ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
Jan. 1	To Balance	1,475	9	10	Jan.-June	By Cash	2,516	14	2
Jan.-June	„ Sales	2,976	14	2	„	„ Discount	132	5	6
					„	„ Returns Inwards	28	11	4
					„	„ Allowances	13	8	11
					„	„ Bad Debts	218	6	3
					June 30	„ Balance c/d	1,542	17	10
		£4,452	4	—			£4,452	4	—
July 1	To Balance b/d	1,542	17	10					

BRANCH PROFIT AND LOSS ACCOUNT									
Dr.		FOR THE HALF-YEAR ENDED 30TH JUNE, 19..						Cr.	
		£	s.	d.			£	s.	d.
To Branch Expenses .		817	3	5	By Branch Goods A/c .		2,037	10	10
„ Head Office Profit & Loss A/c (NET profit transferred)		1,220	7	5					
		£2,037	10	10			£2,037	10	10

EXERCISE XIV—No. 5.

HEAD OFFICE BOOKS  
BRANCH A ACCOUNT

Dr.

Cr.

	Invoice Price.			Invoice Price.	
	£	s. d.		£	s. d.
To Stock, 1st Jan. . . . .	1,338	3 4	By Sales . . . . .	9,662	2 -
" Goods from Head Office . . .	9,846	12 4	" Stock, 31st Dec. . . . .	1,476	12 4
" Excess in Stock . . . . .	12	4 8	" Returns to Head Office . . .	28	9 4
" Balance, Gross Profit c/d . . .			" Allowances off Selling Price . .	29	16 8
£	11,197	- 4	£	11,197	- 4
				10,790	18 3

Dr.

Cr.

BRANCH B ACCOUNT

	Invoice Price.			Invoice Price.	
	£	s. d.		£	s. d.
To Stock, 1st Jan. . . . .	1,672	12 4	By Sales . . . . .	10,183	8 8
" Goods from Head Office . . .	10,408	15 8	" Stock, 31st Dec. . . . .	1,814	12 8
" Balance, Gross Profit c/d . . .			" Returns to Head Office . . .	46	11 8
			" Shortage in Stock . . . . .	10	4 8
			" Allowances off Selling Price . .	26	10 4
£	12,081	8 -	£	12,081	8 -
				11,579	6 11

EXERCISE XIV—No. 5 (*contd.*).

(Dr. SIDE)

## BRANCH A EXPENSES ACCOUNT

	£	s.	d.
To Sundry Expenses . . . . .	80	12	4
„ Salaries . . . . .	248	15	6
„ Rent, Rates, and Taxes . . . . .	250	16	8
„ Depreciation . . . . .	24	13	9
<i>Total to Transfer to Branch A Profit and Loss A/c .</i>	<u>£604</u>	<u>18</u>	<u>3</u>

(Dr. SIDE)

## BRANCH B EXPENSES ACCOUNT

	£	s.	d.
To Sundry Expenses . . . . .	139	16	5
„ Salaries . . . . .	318	13	2
„ Rent, Rates, and Taxes . . . . .	296	14	8
„ Depreciation . . . . .	35	17	1
<i>Total to Transfer to Branch B Profit and Loss A/c .</i>	<u>£791</u>	<u>1</u>	<u>4</u>







# EXERCISE XIV—No. 7.

## TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr.

Cr.

	Liverpool Branch.		Reading Branch.		Total.		Liverpool Branch.		Reading Branch.		Total.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
To Stock, 1st Jan. . . . .	4,807	13 9	3,946	15 7	8,754	9 4	26,156	18 3	21,546	15 10	47,703	14 1
" Purchases, Net . . . . .	11,918	14 4	9,867	13 9	21,786	8 1	5,016	14 8	4,028	11 5	9,045	6 1
" Carriage Inwards . . . . .	509	12 8	457	11 6	967	4 2						
" Wages . . . . .	2,386	18 4	1,846	15 9	4,233	14 1						
" Balance, Gross . . . . .	11,550	13 10	9,456	10 8	21,007	4 6						
" Profit c/d . . . . .	31,173	12 11	25,575	7 3	56,749	— 2	31,173	12 11	25,575	7 3	56,749	— 2
£	607	14 9	550	18 6	1,158	13 3	11,550	13 10	9,456	10 8	21,007	4 6
To Bad Debts . . . . .	1,814	5 10	1,328	13 7	3,142	19 5	513	15 8	398	16 2	912	11 10
" Travellers' Salaries, etc. . . . .	1,605	10 2	1,572	14 8	3,178	4 10						
" Discounts Allowed . . . . .	3,017	14 11	2,856	11 5	5,874	6 4						
" Sundry Expenses . . . . .	327	3 7	246	9 10	573	13 5						
" Horse & Stable Exps. . . . .	382	10 6	298	10 6	681	1 1						
" Rent, Rates & Taxes . . . . .	845	15 7	674	2 6	1,519	18 1						
" Bad Debts Reserve. . . . .	40	12 11	25	1 9	65	14 8						
" Depreciation . . . . .	3,423	1 3	2,302	4 1	5,725	5 4						
" Balance, Net Profit of Branches . . . . .	12,064	9 6	9,855	6 10	21,919	16 4	12,064	9 6	9,855	6 10	21,919	16 4
£												

EXERCISE XIV—No. 7 (contd.).

GENERAL PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr.				Cr.		
	£	s.	d.	£	s.	d.
To Salaries . . . . .	987	16	2	By Branch Profits—		
" Directors' Fees . . . . .	450	10	6	Liverpool . . . . .	3,423	1 3
" Debenture Interest . . . . .	600	—	—	Reading . . . . .	2,302	4 1
" Rent, Rates, and Taxes . . . . .	287	14	6			
" Depreciation . . . . .	17	10	4			
" Balance, Ner Profit . . . . .	3,381	13	10			
	£5,725	5	4		5,725	5 4
					£5,725	5 4

BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.			PROPERTY AND ASSETS.		
£	s.	d.	£	s.	d.
Share Capital—			Horses, Harness, Vehicles, etc.,		
22,000 Shares of £1 each, fully paid	22,000	—	less depreciation . . . . .	3,655	6 7
5% Debentures . . . . .	10,000	—	Furniture, Fixtures, and Fittings,	749	5 —
Reserve Fund Account . . . . .	7,500	—	less depreciation . . . . .	9,045	6 1
Bills Payable. . . . .	2,514	11 2	Stock-in-Trade . . . . .	30,398	1 5
Sundry Creditors . . . . .	8,216	15 9	Sundry Debtors . . . . .	1,519	18 1
Profit and Loss Account—			Less Bad Debts Reserve . . . . .	8,916	9 3
Profit for Year . . . . .	3,381	13 10	Cash at Bank . . . . .	168	10 6
Less Interim Dividend . . . . .	2,200	—	" in hand . . . . .		
				9,084	19 9
				£51,413	— 9
				£51,413	— 9

## EXERCISE XIV—No. 8.

## HEAD OFFICE TRIAL BALANCE (CONVERTED)

	£	s.	d.	£	s.	d.
Sundry Assets . . . . .	12,317	4	2			
Branch Current Account . . . . .	3,710	11	4			
Goods in Transit . . . . .	250	—	—			
Sundry Creditors . . . . .				3,017	15	6
Remittances from Branch . . . . .				1,260	—	—
Capital . . . . .				12,000	—	—
	£16,277	15	6	£16,277	15	6

## BRANCH TRIAL BALANCE (CONVERTED)

	£	s.	d.	£	s.	d.
Sundry Assets . . . . .	2,847	10	9			
Remittances to Head Office . . . . .	1,260	—	—			
Remittances in Transit . . . . .	60	—	—			
Sundry Creditors . . . . .				456	19	5
Head Office Account . . . . .				3,710	11	4
	£4,167	10	9	£4,167	10	9

## BALANCE SHEET AS AT 31st DECEMBER, 19..

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Capital . . . . .	12,000	—	—	Sundry Assets . . . . .	15,164	14	11
Sundry Creditors . . . . .	3,474	14	11	Goods in Transit . . . . .	250	—	—
				Remittances in Transit . . . . .	60	—	—
	£15,474	14	11		£15,474	14	11

## EXERCISE XIV—No. 9.

## HEAD OFFICE JOURNAL

		£	s.	d.	£	s.	d.
19..							
Dec. 31	Remittances from Branch . . . .	2,360	—	—	2,360	—	—
	To Branch Account . . . .						
	Balance transferred.						
" 31	Branch Trading Account . . . .	3,676	15	6	3,676	15	6
	To Branch Account . . . .						
	Stock, 1st Jan . . . .						
	Purchases . . . .	£675	11	2			
	Carriage Inwards. . . .	2,916	16	7			
	Balances transferred.	84	7	9			
" 31	Branch Account . . . .	5,173	12	4	5,173	12	4
	To Branch Trading Account . . . .						
	Sales . . . .	£4,462	16	8			
	Stock, 31st Dec. . . .	710	15	8			
	Balances transferred.						
" 31	Branch Trading Account . . . .	1,496	16	10			
	Branch Account . . . .	10	14	11			
	To Branch Profit and Loss Account.				1,507	11	9
	Gross profit and discount received transferred.						
" 31	Branch Profit and Loss Account . . . .	740	12	11			
	To Branch Account . . . .				740	12	11
	Wages and Salaries . . . .	£428	13	11			
	Rent, Rates, and Taxes . . . .	92	15	3			
	Discounts Allowed . . . .	86	19	4			
	Sundry Expenses . . . .	65	11	7			
	Bad Debts . . . .	35	18	5			
	Depreciation . . . .	30	14	5			
	Balances transferred.						
" 31	Branch Profit and Loss Account . . . .	766	18	10			
	To Head Office Profit and Loss A/c.				766	18	10
	Net profit of branch transferred.						
		£	14,225	11 4	£	14,225	11 4

## HEAD OFFICE BOOKS

Dr.		REMITTANCES FROM BRANCH				Cr.		
19..		£	s.	d.	19..	£	s.	d.
Dec. 31	To Branch A/c . . . .	2,360	—	—	Jan.—Dec.	By Cash . . . .	2,360	—

## EXERCISE XIV—No. 9 (contd.).

Dr.		BRANCH ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
Jan. 1	To Balance . . .	3,516	16	6	Dec. 31	By Remittances from	2,360	—	—
Dec. 31	„ Branch Trading . .	5,173	12	4		„ Branch A/c . .	3,676	15	6
„ 31	„ Branch Profit & Loss	10	14	11	„ 31	„ Branch Trading . .	740	12	11
					„ 31	„ Branch Profit & Loss			
					„ 31	„ Balance c/d . .	1,923	15	4
		£8,701	3	9			£8,701	3	9
19..									
Jan. 1	To Balance b/d . .	1,923	15	4					

BRANCH TRADING ACCOUNT									
Dr.		FOR THE YEAR ENDED 31ST DECEMBER, 19..						Cr.	
		£	s.	d.			£	s.	d.
To Branch Account—					By Branch Account—				
Stock, 1st Jan.	675	11	2		Sales	4,462	16	8	
Purchases	2,916	16	7		Stock, 31st Dec.	710	15	8	
Carriage Inwards.	84	7	9						
„ Branch Profit & Loss									
A/c (gross profit).	1,496	16	10						
		£5,173	12	4			£5,173	12	4

BRANCH PROFIT AND LOSS ACCOUNT									
Dr.		FOR THE YEAR ENDED 31ST DECEMBER, 19..						Cr.	
		£	s.	d.			£	s.	d.
To Branch Account—					By Branch Trading A/c		1,496	16	10
Wages & Salaries.		428	13	11	(gross profit)				
Rent, Rates, and					„ Branch Account—				
Taxes . . .		92	15	3	Discts. Received .		10	14	11
Discts. Allowed . .		86	19	4					
Sundry Expenses.		65	11	7					
Bad Debts . . .		35	18	5					
Depreciation . .		30	14	5					
„ Head Office Profit &									
Loss A/c (NET									
profit transferred)		766	18	10					
		£1,507	11	9			£1,507	11	9

EXERCISE XIV—No. 9 (*contd.*).

## BRANCH BOOKS

Dr.		REMITTANCES TO HEAD OFFICE				Cr.	
19..		₹	s.	19..		₹	s.
Jan.-Dec.	To Cash . . .	2,360	—	Dec. 31	By Head Office A/c . .	2,360	—

Dr.		HEAD OFFICE ACCOUNT				Cr.			
19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Remittances to Head Office A/c . . .	2,360	—	—	Jan. 1	By Balance . . .	3,516	16	6
„ 31	„ Balance c/d . . .	1,923	15	4	Dec. 31	„ Profit and Loss A/c (Transfer of NET profit)	768	18	10
		<u>£4,283</u>	<u>15</u>	<u>4</u>			<u>£4,283</u>	<u>15</u>	<u>4</u>
					19..				
					Jan. 1	By Balance b/d . . .	1,923	15	4

### TRADING AND PROFIT AND LOSS ACCOUNT

Dr.				FOR THE YEAR ENDED 31ST DECEMBER, 19..				Cr.					
				£	s.	d.					£	s.	d.
To Stock, 1st Jan.	.	.	.	675	11	2	By Sales	.	.	.	4,462	16	8
„ Purchases from H.O.	.	.	.	2,916	16	7	„ Stock, 31st Dec.	.	.	.	710	15	8
„ Carriage Inwards	.	.	.	84	7	9							
„ Bal., GROSS PROFIT.	.	.	.	1,496	16	10							
				£3,173	12	4					£5,173	12	4
To Wages and Salaries.	.	.	.	428	13	11	By Trading Account	.	.	.	1,496	16	10
„ Rent, Rates & Taxes	.	.	.	92	15	3	„ Discount Received	.	.	.	10	14	11
„ Sundry Expenses	.	.	.	65	11	7							
„ Bad Debts	.	.	.	35	18	5							
„ Discounts Allowed	.	.	.	86	19	4							
„ Depreciation	.	.	.	30	14	5							
„ H.O. A/c (NET profit transferred)	.	.	.	766	18	10							
				£1,507	11	9					£1,507	11	9

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Sundry Creditors	.	154	12	6	Cash.	.	137	5	10
Head Office Account—	.				Sundry Debtors.	.	847	13	5
Balance 1st Jan.	3,516 16 6				Stock	.	710	15	8
Less Remittances.	2,360 —				Horses and Carts	.	256	14	2
					(less Depreciation)	.			
	£1,156 16 6				Furniture and Fixtures	.	75	18	9
Add Profit for year.	768 18 10				(less Depreciation)	.			
		1,923	15	4					
		£2,078	7	10			£2,078	7	10

EXERCISE XIV—No. 10.

GENERAL TRADING AND PROFIT AND LOSS ACCOUNT

Dr.

FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

	London.		Edinburgh.		Dublin.		Total.			London.		Edinburgh.		Dublin.		Total.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.		£	s. d.	£	s. d.	£	s. d.	£	s. d.
To Stock, 1st Jan. . . . .	6,174	10 7	4,629	15 4	3,852	19 2	14,657	5 3	By Sales . . . . .	54,719	11 8	40,207	13 6	34,447	16 9	129,375	1 11
" Purchases . . . . .	37,856	19 5	29,085	17 2	24,678	10 2	91,621	6 9	" " Stock, 31st Dec. . . . .	4,028	16 8	3,318	15 9	3,028	5 10	10,375	18 3
" " " " " from . . . . .	3,047	8 10	2,875	14 9	2,389	11 6	8,282	15 1		6,285	11 3	4,752	18 6	3,972	16 4	15,011	6 1
" Carriage Inwards . . . . .	564	13 8	425	9 10	397	11 7	1,387	15 1									
" Wages . . . . .	3,814	3 9	2,675	11 5	2,075	16 3	8,565	11 5									
" Balance c/d . . . . .	13,576	3 4	8,586	19 3	8,084	10 1	30,247	12 8									
" Gross Profit . . . . .	65,033	19 7	48,279	7 9	41,448	18 11	154,762	6 3	£	65,033	19 7	48,279	7 9	41,448	18 11	154,762	6 3
To Discounts Allowed . . . . .	627	16 8	457	9 8	357	9 10	1,442	16 2	By Trading Accounts . . . . .	13,576	3 4	8,586	19 3	8,084	10 1	30,247	12 8
" Carriage Outwards . . . . .	925	14 9	814	4 11	692	15 8	2,432	15 4	" " Discounts Received . . . . .	497	13 10	384	13 6	307	10 6	1,189	17 10
" Bad Debts . . . . .	308	18 5	219	15 3	156	13 9	685	7 5									
" Prtg. & Stationery . . . . .	256	17 5	229	16 5	126	17 5	613	11 3									
" Advertising . . . . .	297	12 3	236	18 9	195	6 4	729	17 4									
" Salaries . . . . .	732	19 11	596	18 4	438	14 2	1,768	12 5									
" Trade Expenses . . . . .	197	14 11	134	13 7	86	18 4	419	6 10									
" Depreciation of . . . . .	561	13 2	440	13 2	341	15 6	1,344	1 10									
" Plant, etc. . . . .	1,032	6 9	708	12 6	513	16 9	2,254	16 -									
" Int. on Capitals . . . . .	9,132	2 11	5,132	10 2	5,481	12 10	19,746	5 11									
" Balance c/d . . . . .	14,073	17 2	9,871	12 9	8,392	- 7	31,437	10 6	£	14,073	17 2	9,871	12 9	8,392	- 7	31,437	10 6
" Net Profit . . . . .									By Branch Profits, NET	9,132	2 11	5,132	10 2	5,481	12 10	19,746	5 11
To Capital Accounts—																	
" F. Finch (London)	6,088	1 10	1,283	2 7	1,827	4 3	9,198	8 8									
" G. Green (Edinb'gh)	1,522	- 7	2,566	5 1	1,827	4 3	5,915	9 11									
" R. Roberts (Dublin)	1,522	- 6	1,283	2 6	1,827	4 4	4,632	7 4									
" Balance c/d . . . . .	9,132	2 11	5,132	10 2	5,481	12 10	19,746	5 11									

EXERCISE XIV—No. 10 (*contd.*).

COLUMNAR BALANCE SHEET AS AT 31st DECEMBER, 19..

LIABILITIES.	London.		Edinburgh.		Dublin.		TOTAL.		ASSETS.		London.		Edinburgh.		Dublin.		TOTAL.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.			£	s. d.	£	s. d.	£	s. d.	£	s. d.
Sundry Creditors	8,165	19 10			5,028	17 11			Cash in hand		216	18 7	115	9 7	89	11 8	421	19 10
Current Accounts—									at Bank		7,808	10 6	5,219	12 6	4,723	16 7	17,751	19 7
London									Sundry Debtors		12,206	13 4	9,847	13 6	8,806	14 5	30,861	1 3
Edinburgh									Current Accounts—									
Dublin									London									
Capital Accounts—									Edinburgh		2,147	16 5	1,571	14 5			2,147	16 5
G. Finch (London)	27,877	11	—		18,296	12 10			Dublin		2,323	2 6	4,752	18 6	3,972	16 4	3,894	16 11
G. G. Green (Edinburgh)									Stock-in-Trade		6,285	11 3	3,965	18 8	3,075	19 8	15,011	6 1
K. Roberts (Dublin)									Plant and Machinery		5,054	18 3					12,086	16 7
									(less Depreciation)									
	£ 36,043	10 10			25,473	7 2					£ 36,043	10 10	25,473	7 2	20,668	18 8	82,185	16 8





EXERCISE XIV—No. 10 (*contd.*).

## LONDON'S LEDGER

Dr.		EDINBURGH CURRENT ACCOUNT						Cr.			
19..			£	s.	d.	19..			£	s.	d.
Jan. 1	To Balance . . . .	2,386	14	5		Dec. 31	By F. Finch . . . .	1,522	—	7	
Dec. 31	„ G. Green . . . .	1,283	2	7			(Share of LONDON Profit)				
	„ Balance c/d . . . .					„ 31	„ Balance c/d . . . .	2,147	16	5	
		£3,669	17	—				£3,669	17	—	

Dr.		DUBLIN CURRENT ACCOUNT						Cr.				
19..				£	s.	d.	19..			£	s.	d.
Jan. 1	To Balance . . . .			2,017	18	9	Dec. 31	By F. Finch . . . .		1,522	—	6
Dec. 31	„ R. Roberts . . . .			1,827	4	3		(Share of LONDON Profit)				
	„ Balance c/d . . . .						„ 31	„ Balance c/d . . . .		2,323	2	6
				<u>£3,845</u>	<u>3</u>	<u>—</u>				<u>£3,845</u>	<u>3</u>	<u>—</u>

Dr.		F. FINCH'S CAPITAL ACCOUNT										Cr.	
19..			£	s.	d.	19..				£	s.	d.	
Dec. 31	To Drawings . . . .	3,000	—	—	Jan. 1	By Balance . . . .	20,646	15	7				
" 31	" Balance c/d . . . .	27,877	11	—	Dec. 31	" Interest . . . .	1,032	6	9				
					" 31	" <i>Share of Profit</i> —							
						London . . . .	6,088	1	10				
						Edinburgh . . . .	1,283	2	7				
						Dublin . . . .	1,827	4	3				
		£	30,877	11	—		£	30,877	11	—			
					Dec. 31	By Balance b/d . . . .	27,877	11	—				

## EDINBURGH'S LEDGER

Dr.		LONDON CURRENT ACCOUNT						Cr.			
19..			£	s.	d.	19..			£	s.	d.
Dec. 31	To F. Finch . . . .	1,522	—	7		Jan. 1	By Balance . . . .	2,386	14	5	
	(Share of LONDON Profit)					Dec. 31	„ G. Green . . . .	1,283	2	7	
„ 31	„ Balance c/d . . . .	2,147	16	5			(Share of EDINBURGH Profit)				
		<u>£3,669</u>	<u>17</u>	<u>—</u>				<u>£3,669</u>	<u>17</u>	<u>—</u>	

Dr.		DUBLIN CURRENT ACCOUNT						Cr.				
19..				£	s.	d.	19..			£	s.	d.
Jan. 1	To Balance . . . .			1,027	12	8	Dec. 31	By G. Green . . . .		1,283	2	6
Dec. 31	„ R. Roberts . . . .			1,827	4	3		(Share of EDIN-				
	(Share of DUBLIN							BURGH Profit)				
	Profit)						„ 31	„ Balance c/d . . . .		1,571	14	5
				<u>£2,854</u>	<u>16</u>	<u>11</u>				<u>£2,854</u>	<u>16</u>	<u>11</u>

## EXERCISE XIV—No. 10 (contd.).

Dr.				G. GREEN'S CAPITAL ACCOUNT				Cr.			
19..		£	s. d.	19..		£	s. d.				
Dec. 31	To Drawings . . . .	2,500	— —	Jan. 1	By Balance . . . .	14,172	10 5				
" 31	" Balance c/d . . .	18,296	12 10	Dec. 31	" Interest . . . .	708	12 6				
				" 31	" Share of Profit—						
					London . . . .	1,522	— 7				
					Edinburgh . . . .	2,566	5 1				
					Dublin . . . .	1,827	4 3				
		£	20,796 12 10			£	20,796 12 10				
				Dec. 31	By Balance b/d . . .	18,296	12 10				

Dr.				DUBLIN'S LEDGER				Cr.			
				LONDON CURRENT ACCOUNT							
19..		£	s. d.	19..		£	s. d.				
Dec. 31	To F. Finch . . . .	1,522	— 6	Jan. 1	By Balance . . . .	2,017	18 9				
	(Share of LONDON Profit)			Dec. 31	" R. Roberts . . . .	1,827	4 3				
" 31	" Balance c/d . . .	2,323	2 6		(Share of DUBLIN Profit)						
		£	3,845 3 —			£	3,845 3 —				

Dr.				EDINBURGH CURRENT ACCOUNT				Cr.			
19..		£	s. d.	19..		£	s. d.				
Dec. 31	To G. Green . . . .	1,283	2 6	Jan. 1	By Balance . . . .	1,027	12 8				
	(Share of EDINBURGH Profit)			Dec. 31	" R. Roberts . . . .	1,827	4 3				
" 31	" Balance c/d . . .	1,571	14 5		(Share of DUBLIN Profit)						
		£	2,854 16 11			£	2,854 16 11				

Dr.				R. ROBERTS'S CAPITAL ACCOUNT				Cr.			
19..		£	s. d.	19..		£	s. d.				
Dec. 31	To Drawings . . . .	2,000	— —	Jan. 1	By Balance . . . .	10,276	14 3				
" 31	" Balance c/d . . .	13,422	18 4	Dec. 31	" Interest . . . .	513	16 9				
				" 31	" Share of Profit—						
					London . . . .	1,522	— 6				
					Edinburgh . . . .	1,283	2 6				
					Dublin . . . .	1,827	4 4				
		£	15,422 18 4			£	15,422 18 4				
				Dec. 31	By Balance b/d . . .	13,422	18 4				

## EXERCISE XIV—No. 11.

HEAD OFFICE BOOKS									
Dr. BRANCH ACCOUNT (MANCHESTER)					Cr.				
19..		£	s.	d.	19..		£	s.	d.
July 1	To Balance—				July-Dec.	By Sales—			
	Stock . . .	720	—	—		Cash . . .	1,214	—	—
	Debtors . . .	1,227	—	—		Credit . . .	2,384	—	—
July-Dec.	„ Goods from H.O.	2,178	—	—	Dec. 31	„ Balance c/d—			
Dec. 31	„ Balance . . .	1,804	—	—		Stock . . .	1,121	—	—
	GROSS PROFIT					Debtors . . .	1,210	—	—
		£5,929	—	—			£5,929	—	—

BRANCH PROFIT AND LOSS ACCOUNT									
Dr. FOR HALF-YEAR ENDED 31ST DECEMBER, 19..					Cr.				
		£	s.	d.			£	s.	d.
To Rent, Rates, etc. .		375	—	—	By Branch Account .		1,804	—	—
„ Wages and Sundry Expenses .		396	—	—					
„ Balance, NET profit.		1,033	—	—					
		£1,804	—	—			£1,804	—	—

CASH BOOK									
Dr.					Cr.				
19..		£	s.	d.	19..		£	s.	d.
July-Dec.	To Branch Account—				July-Dec.	By Branch Account—			
	Sales . . .	1,214	—	—		Rent & Taxes, &c.	375	—	—
	Debtors . . .	2,384	—	—		Wages & Sundry Expenses .	396	—	—
		£3,598	—	—			£771	—	—

## EXERCISE XIV—No. 12.

LONDON'S LEDGER									
Dr. SWANSEA CURRENT ACCOUNT					Cr.				
19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To A & B's Share of Profit . . .	2,000	—	—	Jan. 1	By Balance . . .	3,000	—	—
„ 31	„ Balance c/d . . .	2,500	—	—	Dec. 31	„ C's Share of Profit .	1,500	—	—
		£4,500	—	—			£4,500	—	—
					Dec. 31	By Balance b/d . . .	2,500	—	—

## EXERCISE XIV—No. 12 (contd.).

<i>Dr.</i>		GLASGOW CURRENT ACCOUNT				<i>Cr.</i>		
19..		£	s.	d.	19..	£	s.	d.
Jan. 1	To Balance . . . . .	2,000	—	—	Dec. 31	By D's Share of Profit . . . . .	1,500	—
Dec. 31	" A & B's Share of Profit . . . . .	3,200	—	—	" 31	" Balance c/d . . . . .	3,700	—
		£5,200	—	—			£5,200	—
Dec. 31	To Balance b/d . . . . .	3,700	—	—				

Dr.		A'S CAPITAL ACCOUNT				Cr.		
19..		£	s.	d.	19..	£	s.	d.
Dec. 31	To Drawings . . . .	1,000	—	—	Jan. 1	By Balance . . . .	10,000	—
" 31	" Balance c/d . . . .	14,600	—	—	Dec. 31	" Share of Profit—		
						London . . . .	3,000	—
						Glasgow . . . .	1,600	—
						Swansea . . . .	1,000	—
		£	15,600	—			£	15,600
	B'S CAPITAL A/C AS A'S				Dec. 31	By Balance b/d . . . .	14,600	—

## SWANSEA'S LEDGER

Dr.		LONDON CURRENT ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
Jan. 1	To Balance . . . . .	3,000	—	—	Dec. 31	By A & B's Share of Profit . . . . .	2,000	—	—
Dec. 31	" C's Share of Profit . . . . .	1,500	—	—	" 31	" Balance c/d . . . . .	2,500	—	—
		£4,500	—	—			£4,500	—	—
Dec. 31	To Balance b/d . . . . .	2,500	—	—					

<i>Dr.</i>		GLASGOW CURRENT ACCOUNT				<i>Cr.</i>		
19..		£	s.	d.	19..	£	s.	d.
Dec. 31	To C's Share of Profit . . . . .	1,600	—	—	Jan. 1	By Balance . . . . .	4,000	—
" 31	" Balance c/d . . . . .	3,400	—	—	Dec. 31	" D's Share of Profit . . . . .	1,000	—
		£5,000	—	—			£5,000	—
					Dec. 31	By Balance b/d . . . . .	3,400	—

Dr.		C'S CAPITAL ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Drawings . . . . .	1,000	—	—	Jan. 1	By Balance . . . . .	5,000	—	—
" 31	" Balance c/d . . . . .	10,100	—	—	Dec. 31	" Share of Profit—			
						London . . . . .	1,500	—	—
						Glasgow . . . . .	1,600	—	—
						Swansea . . . . .	3,000	—	—
		£	11,100	—			£	11,100	—
					Dec. 31	By Balance b/d . . . . .	10,100	—	—

EXERCISE XIV—No. 12 (*contd.*).

GLASGOW'S LEDGER																						
Dr.					LONDON CURRENT ACCOUNT					Cr.												
19..				£		s.		d.		19..				£		s.		d.				
Dec. 31	To D's Share of Profit . . . .	1,500	—	—	Jan. 1	By Balance . . . .	2,000	—	—	Dec. 31	" A & B's Share of Profit . . . .	3,200	—	—	£5,200	—	—	Dec. 31	By Balance b/d . . . .	3,700	—	—
" 31	" Balance c/d . . . .	3,700	—	—																		
		£5,200	—	—																		

Dr.		SWANSEA CURRENT ACCOUNT								Cr.	
19..		£	s.	d.	19..		£	s.	d.		
Jan. 1	To Balance . . . . .	4,000	—	—	Dec. 31	By C's Share of Profit . .	1,600	—	—		
Dec. 31	„ D's Share of Profit . .	1,000	—	—	„ 31	„ Balance c/d . . . . .	3,400	—	—		
		£5,000	—	—			£5,000	—	—		
Dec. 31	To Balance b/d . . . . .	3,400	—	—							

Dr.		D'S CAPITAL ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Drawings . . . .	500	—	—	Jan. 1	By Balance . . . .	5,000	—	—
" 31	" Balance c/d . . . .	9,400	—	—	Dec. 31	" Share of Profit—			
						London . . . .	1,500	—	—
						Glasgow . . . .	2,400	—	—
						Swansea . . . .	1,000	—	—
		£9,900	—	—			£9,900	—	—
					Dec. 31	By Balance b/d . . . .	9,400	—	—

## GENERAL BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Creditors . . . .		31,500	—	—	Cash . . . .		16,200	—	—
Capital Accounts—					Debtors . . . .		43,000	—	—
A . . . .	£14,600				Stock . . . .		21,000	—	—
B . . . .	14,600								
C . . . .	10,100								
D . . . .	9,400								
		48,700	—	—					
		£80,200	—	—			£80,200	—	—



## EXERCISE XIV—No. 13.

BRANCH (MAIDSTONE)									
PROFIT AND LOSS ACCOUNT									
<i>Dr.</i>					<i>Cr.</i>				
FOR THE YEAR ENDED 31ST DECEMBER, 19..									
To Coal from H.O.	£	1,748	s.	d.	By Sales of Coal .	£	1,750	s.	d.
„ Salaries, Rent, and Expenses		620	—	—	„ Stock, 31st Dec.		984	—	—
„ Bal., NET PROFIT		366	—	—					
	£	2,734	—	—		£	2,734	—	—

## HEAD OFFICE JOURNAL

19..		£	s.	d.	£	s.	d.
Dec. 31	Branch Profit and Loss Account . . . . .	2,368	—	—			
	To Branch Account . . . . .				2,368	—	—
	Coal from Head Office . . . . .	£1,748					
	Salaries, Rent, etc. . . . .	620					
	Balances transferred.						
„ 31	Branch Account . . . . .	2,734	—	—			
	To Branch Profit and Loss Account				2,734	—	—
	Sale of Coal . . . . .	£1,750					
	Stock, 31st Dec. . . . .	984					
	Balances transferred.						
„ 31	Branch Profit and Loss Account . . . . .	366	—	—			
	To Head Office Profit and Loss A/c.				366	—	—
	Balance transferred.						
„ 31	Cash . . . . .	78	—	—			
	Debtors . . . . .	640	—	—			
	Stock . . . . .	984	—	—			
	Horses and Carts . . . . .	280	—	—			
	To Branch Account . . . . .				1,982	—	—
	Balances transferred.						
„ 31	Branch Account . . . . .	1,616	—	—			
	To Sundry Creditors . . . . .				42	—	—
	„ Head Office Adjustment . . . . .				1,574	—	—
	Balances transferred.						
		£9,066	—	—	£9,066	—	—

## EXERCISE XIV—No. 14.

See *Advanced Accounts*, Chapter XIV.



## EXERCISE XIV—No. 15.

The Remittance to the Branch for £500 would be deducted from the Branch Account and shown as a "Remittances in Transit Account." This item would not then show as a charge against the Branch, but as a separate item in the Balance Sheet. (See also *Advanced Accounts*, under "Goods and Remittances in Transit.")

## EXERCISE XIV—No. 16.

Dr.

## BRANCH TRADING ACCOUNTS

Cr.

	K.	P.	Q.	Total.		K.	P.	Q.	Total.
To Branches—	£	£	£	£	By Branches—	£	£	£	£
Goods from					Sales . . .	1,000	900	1,350	3,250
H.O. . .	700	600	900	2,200	Returns to				
Returns I/wds	50	36	60	146	H.O. . .	10	9	21	40
" Branch Profit					Stocks,	100	120	110	330
and Loss A/cs	360	393	521	1,274	31st Dec. .				
(Gross Profits)						£1,110	£1,029	£1,481	£3,620
	£1,110	£1,029	£1,481	£3,620					

Dr.

## BRANCH PROFIT AND LOSS ACCOUNTS

Cr.

	K.	P.	Q.	Total.		K.	P.	Q.	Total.
To Branches—	£	£	£	£	By Branch Trading	£	£	£	£
Rent, Rates,					Accounts . .	360	393	521	1,274
etc. . . .	31	29	40	100					
Wages and									
Salaries . .	39	40	45	124					
" Balance, Net									
Profit trans-									
ferred to H.O.	290	324	436	1,050					
P. & L. A/c .									
	£360	£393	£521	£1,274		£360	£393	£521	£1,274

Dr.

## BRANCH DEBTORS' ACCOUNT

Cr.

	K.	P.	Q.	Total.		K.	P.	Q.	Total.
To Sales . . .	£1,000	£900	£1,350	£3,250	By Returns I/wds.	£50	£36	£60	£146
					" Cash . . .	850	720	1,200	2,770
					" Balance c/d .	100	144	90	334
	£1,000	£900	£1,350	£3,250		£1,000	£900	£1,350	£3,250
To Balance b/d .	100	144	90	334					

EXERCISE XIV—No. 16 (contd.).

HEAD OFFICE JOURNAL

			K.	P.	Q.	K.	P.	Q.	K.	P.	Q.
19..											
Dec. 31	Branch Trading Account :	.	£	£	£	£	£	£	£	£	£
	To Branch Account :	.									
	Goods from Head Office.	.									
	Balance transferred.	.									
" 31	Branch Trading Account :	.									
	To Branch Account :	.									
	Returns Inwards.	.									
	Balance transferred.	.									
" 31	Branch Account :	.									
	To Branch Trading Account :	.									
	Sales :	.	1,000	900	1,350						
	Stock, 31st Dec. :	.	100	120	110						
	Returns to Head Office :	.	10	9	21						
	Balances transferred.	.	£1,110	£1,029	£1,481						
" 31	Branch Trading Account :	.									
	To Branch Profit and Loss Account :	.									
	Balance transferred.	.									
" 31	Branch Profit and Loss Account :	.									
	To Branch Account :	.									
	Rates and Taxes :	.	31	29	40						
	Wages :	.	39	40	45						
	Balances transferred.	.	£70	£69	£85						
" 31	Branch Profit and Loss Account :	.									
	To Head Office Profit and Loss Account :	.									
	Transfer of net profit of branches.	.									
" 31	Sundry Debtors :	.									
	To Sales :	.									
" 31	Cash :	.									
	Returns Inwards :	.									
	To Sundry Debtors :	.									
			£4,480	£4,107	£6,093	£4,480	£4,107	£6,093	£4,480	£4,107	£6,093

EXERCISE XIV—No. 17.

THE MANUFACTURING CO., LTD.

Dr. TRADING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER, 19.. Cr.

	Head Office.		Branch A.		Branch B.		TOTAL.		Head Office.		Branch A.		Branch B.		TOTAL.	
	£.	s. d.	£.	s. d.	£.	s. d.	£.	s. d.	£.	s. d.	£.	s. d.	£.	s. d.	£.	s. d.
To Stock, 1st Jan. . . . .	11,245	5 1	2,812	3 7	1,894	17 6	16,052	6 2	138,434	2 5	112,517	— 2	53,540	6 3	138,434	2 5
" Purchases, Net . . . . .	65,090	5 11	94,167	2 3	44,267	— 2	65,090	5 11	138,434	2 5	3,024	12 1	1,927	9 4	166,057	6 5
" Goods from H.O. . . . .	39,651	1 11	2,419	— 5	2,622	3 4	44,692	5 3	10,527	4 5	—	—	—	—	15,479	5 10
" Wages . . . . .	32,974	13 11	16,143	6 5	6,583	14 7	55,701	14 11	—	—	—	—	—	—	—	—
" Balance . . . . .																
Gross Profit . . . . .	£148,961	6 10	£115,541	12 3	85,467	15 7	£319,970	14 8	£148,961	6 10	£115,541	12 3	85,467	15 7	£319,970	14 8
To Salaries . . . . .	1,500	—	247	14 4	276	6 6	2,024	— 10	32,974	13 11	16,143	6 5	6,583	14 7	55,701	14 11
" Car. to Branches . . . . .	1,516	14 7	442	6 7	328	14 4	1,516	14 7	—	—	—	—	—	—	—	—
" Rates and Taxes . . . . .	323	2 9	2,016	4 6	1,796	6 8	4,330	3 8	—	—	—	—	—	—	—	—
" General Exps. . . . .	517	9 2	1,552	8 2	746	17 11	2,299	6 1	—	—	—	—	—	—	—	—
" Bad Debts . . . . .	447	10 8	—	—	—	—	447	10 8	—	—	—	—	—	—	—	—
" Income Tax . . . . .	1,000	—	240	10 1	134	5 1	1,000	—	—	—	—	—	—	—	—	—
" Directors' Fees . . . . .	105	—	—	—	—	—	105	—	—	—	—	—	—	—	—	—
" Audit Fee . . . . .	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
" Bad Debts Res. . . . .	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
" Depreciation— Furniture, etc. . . . .	800	—	—	—	—	—	800	—	—	—	—	—	—	—	—	—
" Plant, etc. 10% 5% . . . . .	25	—	35	—	40	—	100	—	—	—	—	—	—	—	—	—
" Bal., Net Profit. . . . .	26,739	16 9	11,609	2 9	3,261	4 1	41,610	3 7	£32,974	13 11	£16,143	6 5	£6,583	14 7	£55,701	14 11
	£32,974	13 11	£16,143	6 5	£6,583	14 7	£55,701	14 11	£32,974	13 11	£16,143	6 5	£6,583	14 7	£55,701	14 11

Dr. APPROPRIATION ACCOUNT Cr.

	£.		s.		d.		£.		s.		d.	
	£.	s. d.	£.	s. d.	£.	s. d.	£.	s. d.	£.	s. d.	£.	s. d.
To Goodwill (amount written off) . . . . .	5,000	—	—	—	—	—	5,000	—	—	—	—	—
" Reserve Account . . . . .	10,000	—	—	—	—	—	10,000	—	—	—	—	—
" Balance to Balance Sheet . . . . .	28,784	5 8	—	—	—	—	28,784	5 8	—	—	—	—
	£43,784	5 8	£43,784	5 8	£43,784	5 8	£43,784	5 8	£43,784	5 8	£43,784	5 8

EXERCISE XIV—No. 17 (contd.).

THE MANUFACTURING CO., LTD.  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.								PROPERTY AND ASSETS.							
<i>Nominal Capital—</i>				£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
15,000 Shares of £10 each .				150,000	—	—		<i>Freehold Premises—</i>							
							80,000	—	—				60,000	—	—
<i>Issued and Paid-up Capital—</i>							10,000	—	—					—	—
8,000 Shares of £10 each .															
Reserve Fund .															
<i>Sundry Creditors—</i>															
Head Office .				11,247	13	2				8,000	—	—		—	—
Branch A .				541	6	6				800	—	—		—	—
Branch B .				547	12	1				500	—	—	7,200	—	—
							12,336	11	9		25	—	475	—	—
<i>Profit and Loss Account—</i>										700	—	—		—	—
Balance available for Distribution .							28,784	5	8		35	—	665	—	—
										800	—	—		—	—
										40	—	—	760	—	—
										30,000	—	—		—	—
										5,000	—	—	25,000	—	—
										10,527	4	5			
										3,024	12	1			
										1,927	9	4			
													15,479	5	10
										9,620	2	9			
										240	10	1			
													9,379	12	8
										5,370	3	2			
										134	5	1			
													5,235	18	1
										6,790	1	6			
										14	7	2			
										83	2	9			
										38	9	5			
													6,926	—	10
							£131,120	17	5				£131,120	17	5

EXERCISE XIV—No. 18.

THE X Y Z MANUFACTURING CO., LTD.

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

	Factory.			Branch A.			Branch B.			TOTAL.			Factory.			Branch A.			Branch B.			TOTAL.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
To Stocks, 1st Jan..	10,216	5	9	3,218	1	6	2,190	6	7	15,624	13	10	75,267	3	2	100,715	7	55,670	3	6	75,267	3	2	
" Purchases.	76,516	2	9							76,516	2	9												
" Goods from Fcty	41,316	2	8	75,267	3	2	45,350	2		120,617	3	4												
" Wages	1,000	6	8							41,316	2	8												
" Sundry Exps.	316	2	9							517	6	8												
" Manager's Salary	750									1,000	2	9												
" Rates										316	2	9												
" Depreciation										750														
" Balance				26,819	19	7	10,052	2	2	36,872	1	9												
" Gross Profit	£130,632		7	£105,305	4	3	57,592	8	11	£293,529	13	9												
To Trading A/c																								
" Car. to Branches	837	11	8							837	11	8												
" Salaries	2,517	6	9							2,517	6	9												
" Rates, etc.				3,516	9	6	3,022	3	4	6,538	12	10												
" Sundry Exps.				569	7	6	452	9	2	1,021	16	8												
" Bad Debts				3,017	9	2	1,869	4	6	4,886	13	8												
" Depreciation				679	8	1	1,029	2	2	1,708	10	3												
" Bal., Net Profit				100			75			175														
				18,937	5	4	3,604	3		22,541	8	4												
	£3,354	18	5	£26,819	19	7	10,052	2	2	£40,227		2												

GENERAL PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

	£	s.	d.	£	s.	d.	£	s.	d.
To Factory Loss									
" Salaries	3,554	18	5						
" Income Tax				3,519	6	8			
" Directors' Fees				1,500					
" Auditor's Fees				2,000					
" Debenture Interest				13,033	6	5			
" Balance to Balance Sheet				£24,162	11	6			

Cr.

By Head Office Profit from last year

" Net Profit of Branches—

A . . . . .

B . . . . .



THE UNITED KINGDOM TRADING CO., LTD.

Dr. Cr.  
BRANCH TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 19..

	Northern.			Southern.			TOTAL.			Northern.			Southern.			TOTAL.		
	<i>f</i>	<i>s.</i>	<i>d.</i>	<i>f</i>	<i>s.</i>	<i>d.</i>	<i>f</i>	<i>s.</i>	<i>d.</i>	<i>f</i>	<i>s.</i>	<i>d.</i>	<i>f</i>	<i>s.</i>	<i>d.</i>	<i>f</i>	<i>s.</i>	<i>d.</i>
To Stocks, 1st April . . . . .	2,879	2	3				1,397	14	6	4,276	16	9				15,772	3	1
" Purchases . . . . .	8,368	4	5				3,512	18	9	11,881	3	2						
" Allowances . . . . .																		
" Southern Branch	46	5	-				2,860	1	7	46	5	-				2,960	17	9
" Wages. . . . .	3,495	13	4				2,646	12	6	6,355	14	11						
" Bal., Gross Profit	3,943	15	10							6,590	8	4						
£	18,733	-	10				10,417	7	4	29,150	8	2				18,733	-	10
To Trade Expenses . . . . .																		
" Salaries . . . . .	754	10	-				549	2	8	1,303	12	8				3,943	15	10
" Rent, Rates & Taxes . . . . .	290	-	-				175	-	-	465	-	-						
" Bad Debts Reserve . . . . .	455	-	-				274	3	6	729	3	6						
" Disc't. Res. on Drs. . . . .	156	2	10				125	-	-	375	-	-						
" Deprecn..of Plant . . . . .	262	10	-				36	15	2	192	18	-						
" Bal., Net Profits . . . . .							187	10	-	450	-	-						
" of Branches . . . . .	1,775	13	-				1,299	1	2	3,074	14	2						
£	3,943	15	10				£2,646	12	6	£6,590	8	4				£3,943	15	10





EXERCISE XIV—No. 19 (contd.).

THE UNITED KINGDOM TRADING CO., LTD.  
BALANCE SHEET AS AT 31st MARCH, 19..

CAPITAL AND LIABILITIES.				PROPERTY AND ASSETS.			
<i>Issued Capital—</i>				<i>Plant and Machinery</i>			
13,000 Shares of £1 each	£	s.	d.	£	s.	d.	£
Less Calls in Arrears	245	—	—	12,755	—	—	3,237
4½% Debentures				5,000	—	—	10
Reserve Fund Account				4,000	—	—	—
<i>Sundry Creditors—</i>							
Northern Branch	1,533	17	11				2,500
Southern Branch	662	4	9				187
							10
<i>Items Outstanding—</i>							
Interest on Debentures	112	10	—				3,000
<i>Expenses:</i> Southern Branch	75	—	—				2,500
Head Office	55	—	—				2,960
Wages—Northern Branch	125	—	—				1,564
Directors' Fees	750	—	—				10
							2
<i>Profit and Loss Account—</i>							
Balance, 1st April, 19..	500	—	—				3,784
Add Current Year's Profit	1,324	11	3				6
							—
							338
							7
							2
							—
							8
							17
							9
							6
							—
							14
							1
							3
							9
							—
							32
							—
							26,893
							3
							11

## EXERCISE XIV—No. 20.

## JOURNAL OF HEAD OFFICE

19..		£	s.	d.	£	s.	d.
	South Africa Factory (Current A/c) .	5,000	—	—	5,000	—	—
	To Bills Payable . . . . .						
	Our acceptance of bills drawn on H.O. by Manager in S.A.						
	Head Office Profit and Loss A/c . .	2,000	—	—	2,000	—	—
	To South Africa Factory (Cur. A/c) .						
	For loss on working S.A. factory transferred.						
		£7,000	—	—	£7,000	—	—

CASH BOOK OF HEAD OFFICE  
(CREDIT SIDE)

		Bank.	
19..		£	s. d.
	By South Africa Factory (Current A/c) . . . . .	10,000	— —

## EXERCISE XIV—No. 21.

The answer to this question may be taken from *Advanced Accounts*.

EXERCISE XIV—No. 22.

BRANCH TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr.

Cr.

		Invoice Price.		Net.		Invoice Price.		Net.	
		£	s. d.	£	s. d.	£	s. d.	£	s. d.
To Stock, 1st Jan. . .	.	1,250	—	1,000	—	By Sales—		5,400	—
" Goods from Head Office . .	.	9,100	—	7,280	—	Cash . . . . .	.	3,500	—
" Balance (apparent gain) . .	.	50	—	1,820	—	Credit . . . . .	.	1,500	—
" Balance, Gross Profit . .	.					" Stock, 31st Dec. . .	.	10,400	—
		£ 10,400	—	10,100	—			10,100	—
To Wages . . . . .	.			340	—	By Trading Account . . .	.	1,820	—
" Rent . . . . .	.			400	—				
" Sundry Expenses . . . . .	.			80	—				
" Balance, Net Profit . . . . .	.			1,000	—				
				£ 1,820	—			£ 1,820	—

EXERCISE XIV—No. 23.

A B MERCHANT TRADING CO., LTD.

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

Dr.	London.		Brazil.		Total.		London.		Brazil.		Total.	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
To Stocks, 1st Jan.	15,000	—	—	—	27,000	—	80,000	—	105,000	—	185,000	—
" Purchases	60,000	—	3,000	—	63,000	—	16,000	—	13,000	—	29,000	—
" Goods from London	—	—	80,000	—	80,000	—	—	—	—	—	—	—
" Landing Chgs.	—	—	8,000	—	8,000	—	—	—	—	—	—	—
" Balance, Gross Profit	21,000	—	15,000	—	36,000	—	—	—	—	—	—	—
	£ 96,000	—	£ 118,000	—	£ 214,000	—	£ 96,000	—	£ 118,000	—	£ 214,000	—
To Directors' Fees	500	—	—	—	500	—	—	—	15,000	—	36,000	—
" Salaries.	850	—	2,500	—	3,350	—	—	—	—	—	—	—
" Office Rent, &c.	150	—	1,700	—	1,850	—	—	—	—	—	—	—
" Balance, Net Profit	19,500	—	10,800	—	30,300	—	—	—	—	—	—	—
	£ 21,000	—	£ 15,000	—	£ 36,000	—	£ 21,000	—	£ 15,000	—	£ 36,000	—

A B MERCHANT TRADING CO., LTD.  
BALANCE SHEET AS AT 31st DECEMBER, 19..

CAPITAL AND LIABILITIES.		PROPERTY AND ASSETS.					
	£	s.	d.	£	s.	d.	£
<i>Nominal Capital—</i>							
5,000 5% Preference Shares of £10 each . . . . .	50,000	—	—	10,000	—	—	—
50,000 Ordinary Shares of £1 each . . . . .	50,000	—	—	6,000	—	—	—
							16,000
							300
	£100,000	—	—	16,000	—	—	—
				13,000	—	—	—
							29,000
<i>Issued Capital—</i>							
5,000 5% Preference Shares, £5 per share paid . . . . .			—	300	—	—	—
50,000 Ordinary Shares of £1 each, 10/- per share paid . . . . .		25,000	—	27,000	—	—	—
<i>Sundry Creditors—</i>		25,000	—				27,300
London . . . . .	4,000	—	—				10,000
Brazil Branch . . . . .	1,500	—	—				—
							—
Expenses Outstanding . . . . .			—	2,550	—	—	—
<i>Profit and Loss Account—</i>			—	2,000	—	—	—
Balance at Head Office, 1st Jan. . . . .	1,200	—	—				4,550
<i>Add Current Year's Profits—</i>							
London . . . . .			—				—
Brazil Branch . . . . .	30,300	—	—				—
				31,500	—	—	—
				£87,150	—	—	—
							£87,150

## EXERCISE XIV—No. 24.

BRANCH TRADING AND PROFIT AND LOSS ACCOUNT

*Dr.*      FOR THE HALF-YEAR ENDED 30TH JUNE, 19..      *Cr.*

	£	s.	d.		£	s.	d.
To Purchases . . .	4,200	—	—	By Sales . . .	54,180	—	—
„ Wages . . .	5,700	—	—				
„ Bal., GROSS PROFIT.	44,280	—	—				
	£ 54,180	—	—		£ 54,180	—	—
To Salaries . . .	560	—	—	By Trading Account .	44,280	—	—
„ Directors' Fees .	200	—	—				
„ Discounts . . .	2,500	—	—				
„ Fire Insurance .	240	—	—				
„ Balance, NET PROFIT							
transferred to							
H.O. A/c . . .	40,780	—	—				
	£ 44,280	—	—		£ 44,280	—	—

BALANCE SHEET AS AT 30TH JUNE, 19..

(Newcastle-on-Tyne Branch)

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Sundry Creditors . .	3,690	—	—	Cash . . .	60	—	—
Head Office Account .	54,440	—	—	Bank . . .	1,450	—	—
				Debtors . . .	56,380	—	—
				Fire Insurance . . .	240	—	—
				(unexpired)			
	£ 58,130	—	—		£ 58,130	—	—

Dr.		HEAD OFFICE ACCOUNT						Cr.	
		£	s.	d.			£	s.	d.
19..	To Remittances from				19..	By Balance . . . .	44,720		
June 30	Branch . . . .	29,560	—	—	Jan. 1	" Profit and Loss A/c .	40,780		
	" Premises Extension .	1,500	—	—	June 30	(NET PROFIT trans-			
" 30	" Balance c/d . . .	54,440	—	—		ferred)			
" 30									
		£ 85,500					£ 85,500		
					June 30	By Balance b/d . . .	54,440		

Dr.		REMITTANCES TO HEAD OFFICE ACCOUNT						Cr.	
19.. Jan.-June	To Cash . . . .	£	s.	d.	19.. June 30	By Head Office A/c .	£	s.	d.
		29,560	—	—			29,560	—	—

EXERCISE XIV—No. 24 (*contd.*).

Dr.		PREMISES EXTENSION ACCOUNT				Cr.			
19..		£	s.	d.	19..	£	s.	d.	
Jan.-June	To Cash . . . .	1,500	-	-	June 30	By Head Office A/c .	1,500	-	-

## EXERCISE XIV—No. 25.

The tea sold through brokers would, of course, require no change of method to that normally employed in accounting.

The question of dealing with remittances to Ceylon, and the expenditure in Ceylon will require double columns, one for currency and the other for sterling.

Remittances would be charged against Ceylon at the rate ruling when sent.

The expenditure in Ceylon would be converted at the average for the period under review.

## EXERCISE XIV—No. 26.

## CHICAGO TRIAL BALANCE

(CONVERTED)

	Rate.	£	s.	d.	£	s.	d.
Fixtures and Fittings . . . . .	4-88	1,070	7	8			
Bills Receivable . . . . .	5-04	2,347	16	—			
Sundry Debtors . . . . .	5-04	3,905	5	4			
Sundry Creditors . . . . .	5-04				940	14	8
Stock, 1st Jan. . . . .	4-87	2,125	9	2			
Purchases . . . . .	4-96	7,445	13	10			
Sales . . . . .	4-96				13,608	19	6
Discounts Allowed . . . . .	4-96	252	3	—			
Discounts Received . . . . .	4-96				119	19	—
Sundry Expenses . . . . .	4-96	557	19	8			
Wages and Salaries . . . . .	4-96	1,376	2	4			
Rent, Rates, Taxes, and Insurance . . . . .	4-96	292	11	4			
Bad Debts . . . . .	4-96	51	14	10			
Depreciation . . . . .	4-96	177	2	8			
Cash in Hand . . . . .	5-04	180	13	2			
Cash at Bank . . . . .	5-04	1,809	15	—			
Head Office Account, 1st Jan. . . . .	—				12,745	2	10
Remittances to Head Office . . . . .	—	5,797	7	4			
Difference in Exchange (Loss) . . . . .	—	24	14	8			
		£ 27,414	16	—	27,414	16	—
Stock, 31st Dec. @ 5-04 = £2,085/6/4.							

## HEAD OFFICE JOURNAL

19..		£	s.	d.	£	s.	d.
Dec. 31	Remittances from Branch . . . . .	5,797	7	4			
	To Branch Account . . . . .				5,797	7	4
	Balance transferred.						
„ 31	Branch Trading Account . . . . .	9,571	3	—			
	To Branch Account . . . . .				9,571	3	—
	Stock, 1st Jan. . . . . £2,125/9/2						
	Purchases . . . . . 7,445/13/10						
	Balances transferred.						
„ 31	Branch Account . . . . .	15,694	5	10			
	To Branch Trading Account . . . . .				15,694	5	10
	Sales . . . . . £13,608/19/6						
	Stock, 31st Dec. . . . . 2,085/6/4						
	Balances transferred.						
„ 31	Branch Trading Account . . . . .	6,123	2	10			
	Branch Account . . . . .	119	19	—			
	To Branch Profit and Loss A/c . . . . .				6,243	1	10
	Gross profit and discounts received transferred.						



HEAD OFFICE JOURNAL—(contd.).

19..		£	s.	d.	£	s.	d.
Dec. 31	Branch Profit and Loss Account . . . . .	2,732	8	6	2,732	8	6
	To Branch Account . . . . .						
	Discounts Allowed . . . . .	£252	3	—			
	Sundry Expenses . . . . .	557	19	8			
	Wages and Salaries . . . . .	1,376	2	4			
	Rent, Rates, Taxes, etc. . . . .	292	11	4			
	Bad Debts . . . . .	51	14	10			
	Depreciation . . . . .	177	2	8			
	Difference in Exchange . . . . .	24	14	8			
	Balances transferred.						
„ 31	Branch Profit and Loss Account . . . . .	3,510	13	4	3,510	13	4
	To Head Office Profit and Loss A/c.						
	NET PROFIT of branch transferred.						
		£43,548	19	10	£43,548	19	10

## REMITTANCES FROM BRANCH

<i>Dr.</i>					REMITTANCES FROM BRANCH					<i>Cr.</i>				
19.. Dec. 31	To Branch Account . .	£	s.	d.	19.. Jan.-Dec.	By Cash . . . .	£	s.	d.					
		<u>5,797</u>	<u>7</u>	<u>4</u>			<u>5,797</u>	<u>7</u>	<u>4</u>					

*Cy.*

		£	s.	d.			£	s.	d.
19..	To Balance . . . . .	12,745	2	10	19..	By Remittances from			
Jan. 1	" Branch Trading A/c . . .	15,694	5	10	Dec. 31	Branch . . . . .	5,797	7	4
Dec. 31	" Branch Profit and				" 31	" Branch Trading A/c . . .	9,571	3	-
" 31	Loss A/c . . . . .	119	19	-	" 31	" Branch Profit and			
					" 31	Loss A/c . . . . .	2,732	8	6
					" 31	" Balance c/d . . . . .	10,458	8	10
		£ 28,559	7	8			£ 28,559	7	8
Dec. 31	To Balance b/d . . . . .	10,458	8	10					

Cy.

19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Branch Account—				Dec. 31	By Branch Account—			
	Stock . . . .	2,125	9	2		Sales . . . .	13,608	19	6
	Purchases . . . .	7,445	13	10		Stock . . . .	2,085	6	4
" 31	" Branch Profit and Loss Account (Gross Profit) . . . .	6,123	2	10					
		£ 15,694	5	10			£ 15,694	5	10

EXERCISE XIV—No. 26 (*contd.*).

<i>Dr.</i>		BRANCH PROFIT AND LOSS ACCOUNT				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To <i>Branch Account</i> —				Dec. 31	By Branch Trading A/c	6,123	2	10
	Discounts Allowed	252	3	—	" 31	" Discounts Received	119	19	—
	Sundry Expenses	557	19	8					
	Wages and Salaries	1,376	2	4					
	Rent, Rates, etc.	292	11	4					
	Bad Debts	51	14	10					
	Depreciation	177	2	8					
	Difference in Exchange	24	14	8					
" 31	" Balance, NET PROFIT to H.O. P. & L. A/c	3,510	13	4					
		<u>£6,243</u>	<u>1</u>	<u>10</u>			<u>£6,243</u>	<u>1</u>	<u>10</u>

<i>Dr.</i>		BRANCH LEDGER				<i>Cr.</i>	
		REMITTANCES TO HEAD OFFICE					
		Dols.	Cts.			Dols.	Cts.
19..				19..			
Jan.-Dec.	To Cash	29,500	000	Dec. 31	By H.O. A/c	29,500	000

<i>Dr.</i>		HEAD OFFICE ACCOUNT				<i>Cr.</i>	
		Dols.	Cts.			Dols.	Cts.
19..				19..			
Dec. 31	To Transfer from Remittances	29,500	00	Jan. 1	By Balance	64,134	90
	" Balance c/d	52,528	60	Dec. 31	" P. & L. A/c (NET PROFIT)	17,893	70
		<u>82,028</u>	<u>60</u>			<u>82,028</u>	<u>60</u>
				Dec. 31	By Balance b/d	52,528	60

<i>Dr.</i>		TRADING AND PROFIT AND LOSS ACCOUNT				<i>Cr.</i>	
		FOR THE YEAR ENDING 31ST DECEMBER, 19..					
		Dols.	Cts.			Dols.	Cts.
To Stock, 1st Jan..		10,351	00	By Sales		67,500	50
" Purchases		36,930	64	" Stock, 31st Dec.		10,510	00
" Balance c/d		30,728	86				
(GROSS PROFIT)		<u>78,010</u>	<u>50</u>			<u>78,010</u>	<u>50</u>
To Discounts Allowed		1,250	68	By Trading Account		30,728	86
" Sundry Expenses		2,767	60	" Discounts Received		594	96
" Wages and Salaries		6,825	50				
" Rent, Rates, etc.		1,451	12				
" Bad Debts		878	58				
" Depreciation		256	64				
" NET PROFIT to H.O. A/c		17,893	70				
		<u>31,323</u>	<u>82</u>			<u>31,323</u>	<u>82</u>



**EXERCISE XIV—No. 27.**

The same as EXAMPLE 2 of *Advanced Accounts*, page 479, except that double the figures are employed.

**EXERCISE XIV—No. 28**

## SHANGHAI TRIAL BALANCE (CONVERTED)

	Rate.	£	s.	d.	£	s.	d.
Head Office Account . . . . .	—				15,270	2	6
Remittances to Head Office . . . . .	—	2,850	—	—			
Stock, 1st Jan. . . . .	2/10	1,856	13	8			
Freehold Land and Buildings . . . . .	3/4	3,000	—	—			
Purchases . . . . .	3/2	6,814	13	4			
Sales . . . . .	3/2				10,766	19	8
Sundry Debtors . . . . .	3/6	4,686	10	—			
Sundry Creditors . . . . .	3/6				2,581	19	—
Fixtures and Fittings . . . . .	3/—	949	19	—			
Carriage and Freight (Inwards) . . . . .	3/2	416	11	6			
Salaries . . . . .	3/2	460	8	8			
Rates and Taxes . . . . .	3/2	105	18	6			
Sundry Expenses . . . . .	3/2	57	15	10			
Cash . . . . .	3/6	24	6	6			
Bank . . . . .	3/6	2,387	14	—			
Plant and Machinery . . . . .	3/6	3,150	—	—			
Wages . . . . .	3/2	1,318	12	—			
Depreciation . . . . .	3/2	399	19	—			
Difference in Exchange (Loss) . . . . .	—	139	19	2			
Stock, 31st Dec. @ 3s. 6d. = £2,027/18/—.		£ 28,619	1	2	28,619	1	2

## EXERCISE XIV—No. 28 (contd.).

## HEAD OFFICE JOURNAL

19..		£	s.	d.	£	s.	d.
Dec. 31	Remittances from Branch . . .	2,850	—	—	2,850	—	—
	To Branch Account . . .						
	Balance transferred.						
„ 31	Branch Trading Account . . .	10,406	10	6	10,406	10	6
	To Branch Account . . .						
	Stock, 1st Jan. . .	£1,856/13/8					
	Purchases . . .	6,814/13/4					
	Carriage, etc. . .	416/11/6					
	Wages . . .	1,318/12/-					
	Balances transferred.						
„ 31	Branch Account . . .	12,794	17	8	12,794	17	8
	To Branch Trading Account . .						
	Sales . . .	£10,766/19/8					
	Stock, 31st Dec. . .	2,027/18/-					
	Balances transferred.						
„ 31	Branch Trading Account . . .	2,388	7	2	2,388	7	2
	To Branch Profit and Loss A/c .						
	Balance transferred.						
„ 31	Branch Profit and Loss Account . .	1,164	1	2	1,164	1	2
	To Branch Account . . .						
	Salaries . . .	£460/8/8					
	Rates and Taxes . . .	105/18/6					
	Sundry Expenses . . .	57/15/10					
	Depreciation . . .	399/19/-					
	Difference in Exchange . .	139/19/2					
	Balances transferred.						
„ 31	Branch Profit and Loss Account . .	1,224	6	—	1,224	6	—
	To Head Office Profit and Loss A/c.						
	NET PROFIT of branch transferred.						
		£30,828	2	6	30,828	2	6

## HEAD OFFICE LEDGER

Dr.				REMITTANCES FROM BRANCH				Cr.			
19..		£	s.	d.	19..		£	s.	d.		
Dec. 31	To Branch Account . .	2,850	—	—	Jan.-Dec.	By Cash . . .	2,850	—	—		

## EXERCISE XIV—No. 28 (contd.).

<i>Dr.</i>		BRANCH ACCOUNT				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.
Jan. 1	To Balance . . . .	15,270	2	6	Dec. 31	By Remittances from			
Dec. 31	„ Branch Trading A/c.	12,794	17	8		Branch . . . .	2,850	—	—
					„ 31	„ Branch Trading A/c.	10,406	10	6
					„ 31	„ Branch Profit & Loss	1,164	1	2
					„ 31	„ Balance c/d . . .	13,644	8	6
		£	28,065	—			£	28,065	—
Dec. 31	To Balance b/d . . .	13,644	8	6					

Dr.		BRANCH TRADING ACCOUNT						Cr.			
19..		£		s. d.		19..		£		s. d.	
Dec. 31	To Branch Account—					Dec. 31	By Branch Account—				
	Stock, 1st Jan.—	1,856	13	8			Sales	10,766	19	8	
	Purchases . . . .	6,814	13	4			Stock, 31st Dec. . .	2,027	18	—	
	Carriage, etc. . . .	416	11	6							
	Wages . . . .	1,318	12	—							
„ 31	„ Branch P. & L. A/c .	2,388	7	2							
		£	12,794	17	8			£	12,794	17	8

<i>Dr.</i>		BRANCH PROFIT AND LOSS ACCOUNT				<i>Cr.</i>			
		£	s.	d.			£	s.	d.
19..					19..				
Dec. 31	To Branch Account—				Dec. 31	By Branch Trading A/c	2,388	7	2
	Salaries . . . . .	460	8	8					
	Rates and Taxes . .	105	18	6					
	Sundry Expenses . .	57	15	10					
	Depreciation . . .	399	19	—					
	Difference in Ex- change . . . . .	139	19	2					
„ 31	„ NET PROFIT to H.O.								
	Profit & Loss A/c	1,224	6	—					
		<u>£2,388</u>	<u>7</u>	<u>2</u>			<u>£2,388</u>	<u>7</u>	<u>2</u>

<i>Dr.</i>		BRANCH LEDGER				<i>Cr.</i>	
		REMITTANCES TO HEAD OFFICE					
		Taels.				Taels.	
19..				19..			
Jan.-Dec.	To Cash . . . .	19,000		Dec. 31	By Head Office A/c	19,000	

## EXERCISE XIV—No. 28 (contd.).

<i>Dr.</i>		HEAD OFFICE ACCOUNT		<i>Cr.</i>	
19..		Taels.	19..		Taels.
Dec. 31	To Remittances to Head Office	19,000	Jan. 1	By Balance.	92,713
" 31	" Balance c/d	79,730	Dec. 31	" Profit & Loss A/c (NET PROFIT)	6,017
		98,730			98,730
			Dec. 31	By Balance b/d	79,730

## TRADING AND PROFIT AND LOSS ACCOUNT

<i>Dr.</i>		FOR THE YEAR ENDED 31ST DECEMBER, 19..		<i>Cr.</i>	
		Taels.			Taels.
To Stock, 1st Jan.		13,106	By Sales		68,002
" Purchases		43,040	" Stock, 31st Dec.		11,588
" Carriage, etc.		2,631			
" Wages		8,328			
" Balance c/d (GROSS PROFIT)		12,485			
		79,590			79,590
To Salaries		2,908	By Trading Account		12,485
" Rates and Taxes		669			
" Sundry Expenses		365			
" Depreciation.		2,526			
" NET PROFIT to H.O. A/c		6,017			
		12,485			12,485

## BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.		Taels.	ASSETS.		Taels.
Sundry Creditors		14,754	Cash in hand		139
Head Office Account		79,730	Cash at Bank		13,644
			Sundry Debtors		26,780
			Stock at close		11,588
			Fixtures and Fittings		6,333
			Plant and Machinery		18,000
			Freehold Land and Buildings		18,000
		94,484			94,484

## EXERCISE XIV—No. 29.

## FOREIGN BOOKS

## JOURNAL

19..		Dols.	Cts.	Dols.	Cts.
Jan. 31	Stores Account . . . . . To London Office Account. . . . . For sales purchased from London: £1,000 @ 9d. = \$13,334 @ 18d. std.	26,667	-	26,667	-
" 31	Stores Account . . . . . To Sundry Creditors. . . . . For stores purchased locally: \$3,000 @ 9d. = \$1,500 @ 18d. std.	3,000	-	3,000	-
" 31	Stores Consumed Account . . . . . To Stores Account . . . . . For stores used on revenue: \$6,000 @ 18d. std. = \$12,000 @ 9d.	12,000	-	12,000	-
" 31	Capital Expenditure Account . . . . . To Stores Account . . . . . For stores used on capital: \$4,000 @ 18d. std. = \$8,000 @ 9d.	8,000	-	8,000	-
" 31	Sundry Debtors . . . . . To Work Done Account . . . . . For gross revenue earned.	40,000	-	40,000	-
" 31	Trade Expenses Account . . . . . To Sundry Creditors. . . . . For expenses accrued.	6,000	-	6,000	-
		<u>\$95,667</u>	<u>-</u>	<u>\$95,667</u>	<u>-</u>

## PAPER BOOKS

## JOURNAL

19..		Dols.	Cts.	Dols.	Cts.
Dec. 31	Bank . . . . . Sundry Debtors . . . . . To Sundry Creditors. . . . . " Conversions Account . . . . . (For balances at this date.)	10,000 40,000	- -	15,000 35,000	- -
19..		50,000	-	50,000	-
Jan. 31	Conversions Account . . . . . To Sundry Creditors. . . . . For stores purchased locally.	3,000	-	3,000	-
" 31	Stores Consumed Account . . . . . To Conversions Account . . . . . For stores used on revenue: \$6,000 @ 18d. std. = \$12,000 @ 9d.	12,000	-	12,000	-



## EXERCISE XIV—No. 29 (contd.).

## PAPER BOOKS—(contd.).

## JOURNAL—(contd.).

		Dols.	Cts.	Dols.	Cts.
19.. Jan. 31	Sundry Debtors . . . . To Work Done. . . . For gross revenue earned.	40,000	—	40,000	—
„ 31	Trade Expenses Account . . . . To Sundry Creditors. . . . (For expenses accrued.)	6,000	—	6,000	—
		\$111,000	—	\$111,000	—

## GOLD BOOKS

## JOURNAL

		Dols.	Cts.	Dols.	Cts.
19.. Dec. 31	Stores Account . . . . Conversions Account . . . . To London Office (say) . . . .  (For balances at this date) . . . .	31,666 18,475	— —	50,141	—
19.. Jan. 31	Stores Account . . . . To London Office Account. . . . For stores purchased from London: £1,000 = \$13,334 @ 18d. std.	13,334	—	13,334	—
„ 31	Stores Account . . . . To Conversions Account . . . . For stores purchased from creditors: \$3,000 @ 9d. = \$1,500 @ 18d. std.	1,500	—	1,500	—
„ 31	Conversions Account . . . . To Stores Account . . . . For stores used on revenue.	6,000	—	6,000	—
„ 31	Capital Expenditure Account . . . . To Stores Account . . . . For stores used on Capital A/c.	4,000	—	4,000	—
„ 31	Capital Expenditure . . . . To Conversions Account . . . . For wages paid on capital: £3,000 @ 9d. = \$1,500 @ 18d. std.	1,500	—	1,500	—
„ 31	London Office Account . . . . To Conversions Account . . . . (For \$12,000 remitted @ 10½d. = \$7,000 @ 18d. std.)	7,000	—	7,000	—
		\$83,475	—	\$83,475	—

## EXERCISE XIV—No. 29 (contd.).

## FOREIGN BOOKS

<i>Dr.</i>		<i>Cr.</i>	
CASH BOOK			
19..	19..	Dols.	Cts.
Dec. 31	To Balance.	10,000	—
19..			
Jan. 31	To Sundry Debtors	40,000	—
		50,000	—
		50,000	—
		8,000	—
		3,000	—
		16,000	—
		12,000	—
		11,000	—
		50,000	—

By Wages. . . . .  
 " Capital Expenditure @ 9d. = £150.  
 " Sundry Creditors . . . .  
 " London Office @ 10½d. = £525  
 " Balance c/d . . . . .

## REVENUE ACCOUNT

<i>Dr.</i>		<i>Cr.</i>	
19..	19..	Dols.	Cts.
Jan. 31	To Stores Consumed	12,000	—
" 31	" Wages	8,000	—
" 31	" Trade Expenses	6,000	—
" 31	" Balance.	14,000	—
	(NET PROFIT to London Office @ 9d.)		
		40,000	—
		40,000	—
		40,000	—

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## BALANCE SHEET, 31ST JANUARY, 19..

LIABILITIES.		ASSETS.	
Sundry Creditors	Dols.	Bank.	Dols.
London Office (£4,529/3¼ @ 10d.)	108,700	Sundry Debtors	11,000
		Stores in hand = (£36,500 @ Std. 18d.)	40,000
			65,700
			116,700
			—
			—

## FOREIGN BOOKS—(contd.).

STORES ACCOUNT				Cr.			
Dr.				Rate.			
19..	To Balance	Rate.	Std. \$	19..	By Stores Consumed	Rate.	Std. \$
Dec. 31		9½	31,666	Jan. 31	Capital Expenditure	9	6,000
19..				" 31	" Balance c/d	9	8,000
Jan. 31	To London Office	9	13,334	" 31	" London Office	10	36,500
" 31	" Sundry Creditors.	9	1,500	" 31	(adjustment)		65,700
			46,500				3,967
							89,667

## CAPITAL EXPENDITURE ACCOUNT

Dr.				Cr.			
19..	To Stores Account	Rate.	\$	19..	By Transfer to London Office	Rate.	\$
Jan. 31	" Wages	9	8,000	Jan. 31			11,000
" 31		9	3,000				11,000
			11,000				

## LONDON OFFICE ACCOUNT

Dr.				Cr.			
19..	To Cash (Remittances)	Rate.	\$	19..	By Balance	Rate.	\$
Jan. 31	" Cap. Expenditure	10½	12,000	Dec. 31		9½	95,000
" 31	" Stores (Adjustm't)	9	11,000	19..	By Stores Account	9	26,667
" 31	" Balance c/d	10	3,967	Jan. 31	" Revenue Account	9	14,000
" 31			108,700	" 31	" Profit on Exchge.		1,000
				" 31			525
							181
							135,667

EXERCISE XIV—No. 29 (*contd.*).

## PAPER BOOKS

<i>Dr.</i>		CONVERSIONS ACCOUNT				<i>Cr.</i>	
19..		Dols.	Cts.	19..		Dols.	Cts.
Jan. 31	To Sundry Creditors . . .	3,000	—	Dec. 31	By Balance . . . . .	35,000	—
" 31	" Capital Expenditure . . .	3,000	—	19..			
" 31	" London Office . . . . .	12,000	—	Jan. 31	" Stores Consumed. . .	12,000	—
" 31	" (Remittances)			" 31	" Revenue Account . .	14,000	—
" 31	" Balance. . . . .	43,000	—		" (NET PROFIT transferred to L.O.)		
		<u>61,000</u>	—			<u>61,000</u>	—

## GOLD BOOKS

<i>Dr.</i>		STORES ACCOUNT				<i>Cr.</i>	
19..		Dols.	Cts.	19..		Dols.	Cts.
Dec. 31	To Balance. . . . .	31,666	—	Jan. 31	By Conversions Account	6,000	—
19..				" 31	" Capital Expenditure..	4,000	—
Jan. 31	" London Office . . . . .	13,334	—	" 31	" Balance c/d . . . . .	36,500	—
" 31	" Conversions Account . .	1,500	—			<u>46,500</u>	—
		<u>46,500</u>	—				

<i>Dr.</i>		CAPITAL EXPENDITURE ACCOUNT				<i>Cr.</i>	
19..		Dols.	Cts.	19..		Dols.	Cts.
Jan. 31	To Stores . . . . .	4,000	—	Jan. 31	By Transfer to London Office . . . . .	5,500	—
" 31	" Conversions Account . .	1,500	—			<u>5,500</u>	—
	" (Wages)						
		<u>5,500</u>	—				

<i>Dr.</i>		LONDON OFFICE ACCOUNT				<i>Cr.</i>	
19..		Dols.	Cts.	19..		Dols.	Cts.
Jan. 31	To Conversions . . . . .	7,000	—	Dec. 31	By Balance . . . . .	50,141	—
" 31	" (Remittances)			19..			
" 31	" Capital Expenditure . .	5,500	—	Jan. 31	By Stores . . . . .	13,334	—
" 31	" Balance. . . . .	60,888	—	" 31	" Conversions . . . . .	7,000	—
				" 31	" (NET PROFIT)		
				" 31	" Profit on Exchange . .	2,413	—
		<u>72,888</u>	—			<u>72,888</u>	—

## EXERCISE XIV—No 29 (contd.)

## GOLD BOOKS—(contd.).

<i>Dr.</i>		CONVERSIONS ACCOUNT				<i>Cr.</i>	
		Dols.	Cts.			Dols.	Cts.
19..				19..			
Dec. 31	To Balance. . . . .	18,475	-	Jan. 31	By Stores Account . . .	1,500	-
19..				" 31	" Capital Expenditure. .	1,500	-
Jan. 31	" Stores . . . . .	6,000	-	" 31	" London Offices . . .	7,000	-
" 31	" London Office . . .	7,000	-	" 31	" (Remittances) . . .		
" 31	" (Net Profit) . . .			" 31	" Balance as per Paper		
" 31	" Profit on Exchange .	2,413	-		Books . . . . .	23,888	-
					(\$43,000 @ 10d.)		
		33,888	-			33,888	-

NOTE.—The Balance is arrived at as follows —  $\frac{43,000 \times 10}{18}$

## FINAL BALANCES

## PAPER BOOKS

## GOLD BOOKS

		Dollars.				Dollars.	
		<i>Dr.</i>	<i>Cr.</i>			<i>Dr.</i>	<i>Cr.</i>
Bank . . . . .	11,000			Stores Account . . .	36,500		
Debtors . . . . .	40,000			Conversions Account .	23,888		
Creditors . . . . .			8,000	London Office. . .			60,388
Conversions Account .			43,000				
		51,000	51,000			60,388	60,388

## EXERCISE XIV—No. 30.

## JOURNAL OF X, LTD.

		£	s.	d.	£	s.	d.
(a)	Office Safe Account . . . . . <i>Dr.</i> To Birmingham Branch Account . Office Safe purchased for Cash by Birmingham Branch.	80	—	—	80	—	—
(b)	Manchester Branch Account . . . <i>Dr.</i> To Goods sent to Branches Account . Goods supplied (at cost).	47	15	—	47	15	—
(c)	Liverpool Branch Debtors Account <i>Dr.</i> To Manchester Branch Debtors Ac- count . . . . . Transfer of Account of A Debtor from Manchester to Liverpool Branch.	29	10	—	29	10	—
(d)	Manchester Branch P. and L. Ac- count . . . . . <i>Dr.</i> To H. O. Profit and Loss Account . Transfer of net profit of Manchester Branch.	1,599	6	8	1,599	6	8
	H. O. Profit and Loss Account . . <i>Dr.</i> To Liverpool Branch P. and L. Account Transfer of net loss of Liverpool Branch.	107	3	9	107	3	9

EXERCISE XIV—No 30 (*contd.*).

## MANCHESTER BRANCH JOURNAL

		£	s.	d.	£	s.	d.
(c)	Liverpool Branch Account . . . <i>Dr.</i>	29	10	—			
	To Sundry Debtors Account . . .				29	10	—
	Transfer of A Debtor's Account to Liverpool Branch Account.						
(d)	Profit and Loss Account . . . <i>Dr.</i>	1,599	6	8			
	To Head Office Account . . .				1,599	6	8
	Transfer of net profit to H. O.						

## LIVERPOOL BRANCH JOURNAL

		£	s.	d.	£	s.	d.
(c)	Sundry Debtors Account . . . <i>Dr.</i>	29	10	—			
	To Manchester Branch Account . .				29	10	—
	Transfer of A Debtor's Account from Manchester Branch.						
(d)	Head Office Account . . . <i>Dr.</i>	107	3	9			
	To Profit and Loss Account . . .						
	Transfer of net loss to H. O. . . .				107	3	9

## EXERCISE XV (A)—No. 1.

THE EASTWOOD  
APPLICATION AND

No. of Application.	NAME.	ADDRESS.	Occupation.	No. of Shares Applied for.	Amount Paid on Application.		
	Willington, Ernest . .	33 Rayleigh Street, E.C. . .		1,000	£	s.	d.
					250	—	—

## REGISTER OF TRANS

No. of Transfer.	Date Transfer Registered.	TRANSFEROR'S.					
		S.L. Fo.	NAME.	ADDRESS.	Occupation.	S.L. Fo.	NAME.
1	19.. Mar. 6	6	Gee, R. . .	14 High Street, Burnham .	Surveyor	1	Willington, E. .
2	Apr. 3	1	Willington, E. .	33 Rayleigh Street, E.C. .	—		Robinson, Peter .

(1)

## REGISTER OF MEMBERS AND

Name.....*Willington, Ernest*..... Occupation.....  
 Address.....*33 Rayleigh Street, London, E.C.*.....

Dr.

## CASH ACCOUNT

Cr.

Date.	Particulars.	Fo.	Amount Called Up per Share.		Total Amount Called up.		Date.	Particulars.	Fo.	Total Amount Paid up.	
19.. Jan. 20	To Application and Allotment .		£	s. d.	£	s. d.	19.. Jan. 11	By Cash . .		£	s. d.
				10 —	250	— —				250	— —
Feb. 20	To Call Account .			10 —	£250	— —	Feb. 20	By Cash . .		£250	— —





## EXERCISE XV (A)—No. 2.

A LIM

## REGISTER OF MEMBERS AND

Name.....*Smith, John*..... Occupation....*Cork Merchant*....  
 Address.....*440 Austin Friars, E.C.*.....

Dr.

CASH ACCOUNT

Cr.

Date.	Particulars.	Fo.	Amount Called up per Share.	Total Amount Called up.	Date.	Particulars.	Fo.	Total Amount Paid up.
19.. Jan. 12	To Application and Allotment .		£ s. d. 5 -	£ s. d. 37 10 -	19.. Jan. 12	By Cash . .		£ s. d. 18 15 -
				37 10 -	" 12	" Cash . .		18 15 -
								37 10 -
Mar. 10	To First Call .		5 -	£37 10 -	Mar. 15	By Cash . .		£37 10 -

Name.....*Brown, William*..... Occupation.....*Hatter*.....  
 Address.....*486 Bond Street, W.*.....

## EXERCISE XV (A)—No. 3.

An example of an Annual Return is on page 584 of *Advanced Accounts*. See, also be submitted with the Annual Return.

## EXERCISE XV (A)—No. 4.

THE X Y Z MANU

APPLICATION AND

No. of Application.	NAME.	ADDRESS.	Occupation.	No. of Shares Applied for.	Amount Paid on Applicat'n.
1	Roberts, Arthur .	10 Finsbury Street, Burnton	Wool Merchant	4,000	£ 1,000 - -
2	Richards, Henry P. .	The Grange, Lynford, Hants	Gentleman	3,000	750 - -
3	Norton, Lucas .	114 Princes Street, Sheffield	Iron Manufacturer	5,000	1,250 - -
4	Allerton, Ellen .	Park Grove, Finchley .	Spinster	200	50 - -
5	Princeton, Norman .	120 Lombard Street, E.C. .	Stockbroker	5,000	1,250 - -
6	Lloyd, George L. .	178 High Road, Nottingham	Lace Manufacturer	500	125 - -
				17,700	£4,425 - -

## ITED CO.

## SHARE LEDGER (SHARES)

Date entered as a Member..... *January 12th, 19.* .....

Date ceased to be a Member.....

## SHARES ACCOUNT

SHARES ACQUIRED.				SHARES TRANSFERRED.				BALANCE.			
Date.	Fo.	Distinctive Numbers.		Amount Paid up.	Date.	Fo.	Distinctive Numbers.		Amount Paid up.	No. of Shares.	Amount Paid up.
		From.	To.				From.	To.			
19..				£	s.	d.			£	s.	d.
Jan. 12	150	1	150							150	£ 37 10 -
					19..					150	75 - -
					April 3	100	1	100	50 - -	50	25 - -

Date entered as a Member..... *April 3rd, 19.* .....

Date ceased to be a Member.....

19..				£	s.	d.					
April 3	100	1	100	50	-	-				100	£ 50 - -

the form of Balance Sheet on page 588 of *Advanced Accounts*, which form would

## FACTURING CO., LTD.

## ALLOTMENTS BOOK (SHARES)

No. of Shares Allotted.	Distinctive Numbers.		S.L. Fo.	Amount Due on Application and Allotment.		Balance Due on Allotment.		Cash Paid on Allotment.		Cash Returned.		No. of Share Certificate.	Remarks.
	From.	To.											
3,000		3,000		£ 1,875	s. -	d. -	£ 875	s. -	d. -	£	s.	d.	
2,000	3,001	5,000		1,250	-	-	500	-	-	500	-	-	
4,000	5,001	9,000		2,500	-	-	1,250	-	-	1,250	-	-	
Nil													
4,000	9,001	13,000		2,500	-	-	1,250	-	-	1,250	-	-	
500	13,001	13,500		312	10	-	87	10	-	87	10	-	
13,500				£8,437	10	-	£3,962	10	-	£3,962	10	-	
										£50	-	-	

Letter of  
Regret No. 1





## EXERCISE XV (A)—No. 6.

THE PNEUMATIC  
REGISTER OF TRANS

No. of Transfer.	Date Transfer Registered.	TRANSFEROR'S.				S.L. Fo.	NAME.
		S.L. Fo.	NAME.	ADDRESS.	Occupation.		
1	19.. July 1	2	King, Thos. .	14 The Lanes, Farnham .	Surveyor	1	Essley, Robert .
2	Oct. 12	1	Essley, Robert .	115 Walkley Road, Thorn- heath	Merchant	3	Tinton, John .
3	Dec. 2	1	Essley, Robert .	115 Walkley Road, Thorn- heath	Do.	4	Brown, Philip .

## EXERCISE XV (A)—No. 7.

CALL BOOK  
First Call of 5s. per share made

S.L. Fo.	NAME.	ADDRESS.	No. of Shares Held.	Amount Due.		
	Lake, R. T.	16 Bradford Road, Leeds . . .	2,000	£ 500	s. d.	— —
	Brown, A. F.	19 Rufus Street, Bradford . . .	1		5	—
	Cassell, F. .	176 Park Road, Finsbury, N.W. .	1		5	—
	Neller, T. O.	127 Brownley Road, Hampstead .	1		5	—
	Locksley, N. P.	125 Coldthorpe Avenue, Brixton, S.W.	1		5	—
	Chalmers, E.	17 Buller Street, Nottingham . .	1		5	—
	Bullen, F. T.	12 Luke Street, Bexley . . .	2,495	623	15	—
	Silverlock, J. P.	Clere Park, Winthorpe . . .	5,500	1,375	—	—
			10,000	£2,500	—	—

## TYRE CO., LTD.

## FERS (ORDINARY SHARES)

TRANSFEREE'S.		SHARES TRANSFERRED.				No. of New Certificates.	Remarks.
ADDRESS.	Occupation.	No. of Shares.	Distinctive Numbers.		Amount Paid up.		
			From.	To.			
115 Walkley Road, Thorn- heath	Merchant	100	401	500	£ 62 10 -	101	
115 Lime Street, Halifax	Do.	80	801	880	60 - -	102	
9 Lupus Street, Benfield	Engineer	{ 100 80 340	{ 401 721 881	{ 500 800 1,220	{ 100 - - 80 - - 340 - -	103	

## (ORDINARY SHARES)

May 5th and payable by May 20th

Amount Paid.			ARREARS.			Calls Paid in Advance.			Remarks.
			Amount.	Days.	Interest.				
£ 300	s. 5	d. -	£ 200	-	31	£ 17	-	-	Paid June 20th
323	5	-							
1,375	5	-							
	5	-							
	5	-							
	15	-	300	-	31	1	5	6	Paid June 20th
£2,000	-	-	£500	-	-	£2	2	6	

## EXERCISE XV (A)—No. 8.

## DEBENTURE APPLICATION

No. of Application.	Date of Application.	NAME.	ADDRESS.	Occupation.	No. of Debts. Applied for.	Amount Paid on Application.		
						£	s.	d.
1	19.. Mar. 2	Adams, R. E.	61 Carnaby Street, Birmingham	Baker	30	1,200	—	—
2	" 3	Brady, A.	17 Seaford Road, Liverpool	Surveyor	10	400	—	—
3	" 4	Cooper, W. S.	21 Regent Street, Leeds	Butcher	6	240	—	—
4	" 4	Dawson, C. T.	44 Windsor Road, Manchester	Architect	10	400	—	—
5	" 5	Ellis, H.	21 Crofton Street, Warwick	Solicitor	6	240	—	—
6	" 5	Forster, P. O.	12 Penton Road, Nottingham	Artist	6	240	—	—
7	" 6	Goodwin, E.	75 Percy Street, Reading	Journalist	10	400	—	—
8	" 7	Howard, C. E.	25 Burnaby Gardens, Winchester	Spinster	25	1,000	—	—
9	" 7	Irving, W.	112 Brockley Road, Southampton	Engineer	10	400	—	—
10	" 8	Jeffries, T. D.	29 Granville Street, London, W.	Merchant	5	200	—	—
11	" 8	Lockwood, M.	108 Westbourne Grove, Windsor	Barrister	5	200	—	—
12	" 8	Taylor, L. F.	76 Stewart Road, London, W.	Gentleman	20	800	—	—
						143	£5,720	—

## DEBENTURE HOL

Date.	Receipts.	Fo.	Amount.			Date.	Payments.	Fo.	Amount.		
			£	s.	d.				£	s.	d.
19.. Mar. 2	To Application A/c—					19.. Mar. 10	By Application A/c—				
" 2	Adams, R. E.		1,200	—	—	" 10	Cooper, W. S.		240	—	—
" 3	Brady, A.		400	—	—	" 10	Jeffries, T. D.		200	—	—
" 4	Cooper, W. S.		240	—	—	" 10	Transfer to General Cash Book		5,280	—	—
" 4	Dawson, C. T.		400	—	—						
" 5	Ellis, H.		240	—	—						
" 5	Forster, P. O.		240	—	—						
" 6	Goodwin, E.		400	—	—						
" 7	Howard, C. E.		1,000	—	—						
" 7	Irving, W.		400	—	—						
" 8	Jeffries, T. D.		200	—	—						
" 8	Lockwood, M.		200	—	—						
" 8	Taylor, L. F.		800	—	—						
			£5,720	—	—				£5,720	—	—

## EXERCISE XV (A)—No. 9.

## REGISTER OF TRANS

No. of Transfer.	Date Transferred.	TRANSFEROR'S				Deb. Fo.	NAME.
		Deb. Fo.	NAME.	ADDRESS.	Occupation.		
101	19.. May 15		Adams, R. E.	61 Carnaby Street, Birmingham	Baker		Dawson, C. T.
102	June 10		Howard, C. E.	25 Burnaby Gdns., Winchester	Spinster		Ellis, H.
103	" 15		Taylor, L. F.	76 Stewart Road, London, W.	Gentleman		Forster, P. O.
104	" 25		Howard, C. E.	25 Burnaby Gdns., Winchester	Spinster		Ellis, H.
105	July 9		Adams, R. E.	61 Carnaby St., Birmingham	Baker		Burnaby, James
106	Aug. 22		Taylor, L. F.	76 Stewart Road, London, W.	Gentleman		Armstrong, Rupert.



## AND ALLOTMENTS BOOK

No. of Debs. Allotted	Distinctive Numbers.		Fo.	Amount Due on Application and Allotment.			Balance Due on Allotment.			Cash Paid on Allotment.			Cash Returned.			Remarks.
	From	To		£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	
20	1	20		2,000	—	—	800	—	—	800	—	—				Letter of Regret No. 5
10	21	30		1,000	—	—	600	—	—	600	—	—	240	—	—	
nil																
5	31	35		500	—	—	100	—	—	100	—	—				
5	36	40		500	—	—	260	—	—	260	—	—				
5	41	45		500	—	—	260	—	—	260	—	—				Letter of Regret No. 6
10	46	55		1,000	—	—	600	—	—	600	—	—				
20	56	75		2,000	—	—	1,000	—	—	1,000	—	—				
5	76	80		500	—	—	100	—	—	100	—	—				
nil													200	—	—	
5	81	85		500	—	—	300	—	—	300	—	—				
15	86	100		1,500	—	—	700	—	—	700	—	—				
100				£10,000	—	—	£4,720	—	—	£4,720	—	—	£440	—	—	

## DERS' CASH BOOK

Date.		Receipts.	Fo.	Amount.			Date.	Payments.	Fo.	Amount.		
19..				£	s.	d.	19..			£	s.	d.
Mar. 10		To Allotment A/c—					Mar. 20	By Transfer to Gen-		4,720	—	—
to		Brady, A. . .		600	—	—		eral Cash Book				
Mar. 20		Adams, R. E. . .		800	—	—						
		Dawson, C. T. . .		600	—	—						
		Ellis, H. . .		260	—	—						
		Forster, P. O. . .		260	—	—						
		Goodwin, E. . .		100	—	—						
		Howard, C. E. . .		1,000	—	—						
		Irving, W. . .		100	—	—						
		Lockwood, M. . .		300	—	—						
		Taylor, L. F. . .		700	—	—						
				£4,720	—	—				£4,720	—	—

## FERS (DEBENTURES)

TRANSFEREE'S		DEBENTURES TRANSFERRED.				Remarks.	
ADDRESS.	Occupation.	No. of Debs.	Distinctive Numbers.		Amount Paid up.		
			From.	To.			
14 Windsor Road, Manchester .	Architect	5	1	5	£ 500	s. —	d. —
21 Crofton Street, Warwick .	Solicitor	5	56	60	500	—	—
12 Penton Road, Nottingham .	Artist	5	86	90	500	—	—
21 Crofton Road, Warwick .	Solicitor	5	61	65	500	—	—
112 Leman St., Northampton .	Merchant	5	6	10	500	—	—
95 Bromley Road, Newcastle .	Engineer	5	91	95	500	—	—

TRADING ACCOUNT	
<i>Dr.</i>	<i>Cr.</i>

[illegible]

Cr.

[illegible]

## EXERCISE XV (A)—No. 11.

My friend, on my advice, would invest his £1,000 in 6 per cent Cumulative Preference Shares, for the following reasons—

(a) Cumulative Preference Shares have a prior claim for a dividend on profits.

(b) Arrears on dividends must (if profits warrant it) be paid.

(c) Such shares often carry a claim upon ASSETS (after other creditors have been met) before other classes of shareholders are considered.

## EXERCISE XV (A)—No. 12.

## A's BOOKS

Dr.		GOODS ACCOUNT				Cr.	
				19..	By B . . . .	£	s. d.
				Jan. 2		600	— —

Dr.		B's ACCOUNT				Cr.	
19..		£	s. d.	19..		£	s. d.
Jan. 2	To Goods . . . .	600	— —	Feb. 2	By Bills Receivable	600	— —
May 28	„ Bank . . . .	600	— —		(4 mos.)		
June 2	„ Interest . . . .	5	— —	May 28	„ Bank . . . .	200	— —
				June 2	„ Bills Receivable	405	— —
					(3 mos.)		
		£1,205	— —			£1,205	— —

Dr.		BILLS RECEIVABLE				Cr.	
19..		£	s. d.	19..		£	s. d.
Feb. 2	To B . . . .	600	— —	Mar. 5	By Bank . . . .	600	— —
June 2	„ B . . . .	405	— —				

Dr.		BANK ACCOUNT				Cr.	
19..		£	s. d.	19..		£	s. d.
Mar. 5	To Bills Receivable	600	— —	Mar. 5	By Bank Discount	9	— —
May 28	„ B . . . .	200	— —	May 28	„ B . . . .	600	— —

Dr.		BANKER'S DISCOUNT ACCOUNT				Cr.	
19..		£	s. d.				
Mar. 5	To Sundries . . . .	9	— —				

EXERCISE XV (A)—No. 12 (*contd.*).

<i>Dr.</i>	INTEREST ACCOUNT					<i>Cr.</i>		
				19.. June 2	By B . . . . .	£	s.	d.
						5	—	—

## EXERCISE XV (A)—No. 13.

<i>Dr.</i>		ORDINARY BUSINESS ACCOUNT						<i>Cr.</i>	
19..	To G, 40% of £2,000 . .	£	s.	d.	19..	By Profit and Loss A/c . .	£	s.	d.
	" H, 30% of £2,000 . .	800	—	—			2,000	—	—
	" J, 30% of £2,000 . .	600	—	—					
		600	—	—					
		<u>£2,000</u>	—	—			<u>£2,000</u>	—	—

<i>Dr.</i>		VENTURE No. 1					<i>Cr.</i>		
19..	To G, $\frac{2}{3}$ of £800 . . . .	£	s.	d.	19..	By Profit and Loss A/c :	£	s.	d.
	" J, $\frac{1}{3}$ of £800 . . . .	342	17	2		Net Profit . . . .	1,000	—	—
	" H, 40% of £1,000 . .	257	2	10					
		400	—	—					
		<u>£1,000</u>	—	—			<u>£1,000</u>	—	—

<i>Dr.</i>		VENTURE No. 2				<i>Cr.</i>			
19..	To Profit and Loss A/c :	£	s.	d.	19..	By H, 45% of £500	£	s.	d.
	" Net Loss . . . . .	500	—	—		" G, $\frac{2}{3}$ of £275 . . . .	225	—	—
						" J, $\frac{1}{3}$ of £275 . . . .	157	2	10
							117	17	2
		<u>£500</u>	—	—			<u>£500</u>	—	—

Dr.		G's CAPITAL ACCOUNT					Cr.		
19..	To Venture No. 2 .	£	s.	d.	19..	By Ordinary Bus. A/c .	£	s.	d.
	„ Balance c/d .	157	2	10		„ Venture No. 1 .	800	—	—
		985	14	4			342	17	2
		£1,142	17	2			£1,142	17	2

## EXERCISE XV (A)—No. 13 (contd.).

Dr.		H's CAPITAL ACCOUNT				Cr.			
19..		£	s.	d.	19..		£	s.	d.
	To Venture No. 2 .	225	—	—		By Ordinary Bus. A/c	600	—	—
	„ Balance c/d .	775	—	—		„ Venture No. 1 .	400	—	—
		£1,000	—	—			£1,000	—	—

Dr.		J's CAPITAL ACCOUNT						Cr.	
19..		£	s.	d.	19..		£	s.	d.
	To Venture No. 2 . . .	117	17	2		By Ordinary Bus. A/c . . .	600	—	—
	„ Balance c/d . . .	739	5	8		„ Venture No. 1 . . .	257	2	10
		£857	2	10			£857	2	10

## EXERCISE XV (A)—No. 14.

## GENERAL LEDGER

Dr.		SALES LEDGER ADJUSTMENT ACCOUNT						Cr.	
		£	s.	d.			£	s.	d.
1932					1932				
April 1	To Balance	20,196	2	5	} By Cash . . . . . 90,987 19 4 " Discount . . . . . 2,080 10 9 " Bills Receivable . . . . . 22,800 — — " Returns Inward . . . . . 4,875 16 6 " Bad Debts . . . . . 2,209 13 2 " Sundry Creditors . . . . . 78 8 11 " Balance c/d . . . . . 30,305 17 8				
1932 to									
April 1	To Credit Sales	132,823	—	11		April 1			
1933	" Interest charged	71	5	—		to 1933			
Mar. 31						Mar. 31			
" "	To Bills Receivable (dishonoured)	150	—	—	" "				
" "	" Petty Cash	47	8	6	" "				
" "	" Balance c/d	50	9	6	" "				
		£153,338	6	4			£153,338	6	4
1933					1933				
April 1	To Balance b/d	£30,305	17	8	April 1	By Balance b/d	50	9	6

Dr.		BOUGHT LEDGER ADJUSTMENT ACCOUNT						Cr.		
		£	s.	d.	1932		£	s.	d.	
1932	} To Cash . . . " Discount . . . " Petty Cash . . . " Returns Outwards " Bills Payable " Sundry Debtors " Balance c/d	71,556	17	10	April 1	} By Balance . . . " Purchases . . .	12,375	18	6	
April 1		1,226	1	3	1932					
to 1933		39	6	7	April 1					
Mar. 31		5,203	12	7	to 1933			101,150	7	9
" "		23,850	—	—	Mar. 31					
" "		78	8	11						
" "		11,571	19	1						
		£113,526	6	3			£113,526	6	3	
					1933					
					April 1	By Balance . . . b/d	11,571	19	1	

## EXERCISE XV (A)—No. 15.

See Section 24 of Partnership Act set out on pages 377 and 378 of *Advanced Accounts*.

In applying the above to the case under review, the £3,000 must first be reduced by 5 per cent of £2,000 (for 6 months), being Interest due to A's Loan. The remaining profit must then be divided equally between A and B, i.e. A and B will each receive £1,475.

The agreement between A and B that B should be paid a salary of £500 would mean that the salary would be a further reduction of NET profit by that amount; hence A and B in the new circumstances would each receive £1,225.

## EXERCISE XV (A)—No. 16.

## JOURNAL OF A, B AND C

1936		£	s.	d.	£	s.	d.
Jan. 1	Land and Buildings . . . Dr.	1,200	—	—			
	Capital Accounts—						
	A ( $\frac{3}{5}$ of £590)	354	—	—			
	B ( $\frac{2}{5}$ of £590)	236	—	—			
	To Bad Debts Reserve . . .				390	—	—
	(5 per cent of £7,800)						
	„ Plant and Machinery . .				320	—	—
	„ Stock . . . . .				780	—	—
	„ Patents . . . . .				300	—	—
		£1,790	—	—	£1,790	—	—
Jan. 1	Goodwill Account . . . Dr.	8,000	—	—			
	To A's Capital $\frac{2}{5}$ of £8,000 . .				2,880	—	—
	„ B's „ $\frac{2}{5}$ of £8,000 . .				1,920	—	—
	„ C's „ $\frac{1}{5}$ of £8,000 . .				3,200	—	—
		£9,790	—	—	£9,790	—	—
Jan. 1	Bank Account . . . . . Dr.	8,200	—	—			
	To C's Capital . . . . .				5,000	—	—
	„ A's „ ( $\frac{3}{4}$ of £3,200) . .				2,400	—	—
	„ B's „ ( $\frac{1}{4}$ of £3,200) . .				800	—	—
Jan. 1	A's Capital ( $\frac{3}{4}$ of £3,200) . .	2,400	—	—			
	B's „ ( $\frac{1}{4}$ of £3,200) . .	800	—	—			
	To Bank . . . . .				3,200	—	—
		£21,190	—	—	£21,190	—	—

## EXERCISE XV (A)—No. 16 (contd.).

(Alternative Solution)

## JOURNAL

		£	s.	d.	£	s.	d.
Jan. 1	Land and Buildings . . . .	1,200	—	—			
	To Re-valuation Account . . . .				1,200	—	—
	Agreed increase in book value of land and buildings.						
	Re-valuation Account . . . .	1,790	—	—			
	To Plant and Machinery . . . .				320	—	—
	Stock . . . . .				780	—	—
	Patents . . . . .				300	—	—
	Reserve for Bad Debts . . . .				390	—	—
	Agreed reduction in book values of assets and reserve for bad debts.						
	A. Capital Account . . . . .	354	—	—			
	B. Capital Account . . . . .	236	—	—			
	To Re-valuation Account . . . .				590	—	—
	Division of loss on re-valuation.						
	Goodwill . . . . .	8,000	—	—			
	To A. Capital Account . . . .				2,880	—	—
	B. Capital Account . . . . .				1,920	—	—
	C. Capital Account . . . . .				3,200	—	—
	Introduction into books of value of Goodwill divided in ratio to division of profits as agreed.						
	Bank . . . . .	8,200	—	—			
	To C. Capital Account . . . .				5,000	—	—
	A. Capital Account . . . . .				2,400	—	—
	B. Capital Account . . . . .				800	—	—
	Cash brought in credited to respective partners as agreed, i.e. £5000 to C and remainder to A and B in ratios of 3 : 1.						
		£19,780	—	—	£19,780	—	—

# **EXERCISE XV (A)—No. 17.**

The differences between a Receipts and Payments Account and an Income and Expenditure Account are set out on page 327 of the text book.

## **THE SOCIETY FOR THE ENCOURAGEMENT OF GOOD BOOK-KEEPING**

*Dr.*

**INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 30TH APRIL, 1938**

*Cr.*

EXPENDITURE		INCOME	
	<i>£ s. d.</i>		<i>£ s. d.</i>
To Rent of Office	240	By Subscriptions and Donations	783
" Office Salaries	650	" Literature Sales	715
" Office Expenses	73	" Receipts from Lecture Tickets	109
		" Interest on Consols	24
Stock of Literature, 1st May, 1937			
Add Purchases of Literature	<i>£ s. d.</i>		
	47		
	418		
	465		
	36		
Less Stock of Literature, 30th April, 1938	409		
Lecturers' Fees and Hire of Halls	136		
Depreciation of Office Furniture	25		
Excess of Income over Expenditure for the Year	98		
	<b>£1,631</b>		<b>£1,631</b>

## **BALANCE SHEET AS AT 30TH APRIL, 1938**

LIABILITIES		ASSETS	
	<i>£ s. d.</i>		<i>£ s. d.</i>
Subscriptions 1938-39 paid in advance	98	Cash in hand	350
Rent owing	20	Office Furniture	40
Capital Account, Balance, 1st May, 1937	1,183	Add Additions	390
Add Excess of Income over Expenditure for the year	98		25
		Less Depreciation	636
		4 per cent Consols	200
		Less Sales	205
			365
			431
			255
			56
	<b>£1,329</b>		<b>£1,329</b>



## EXERCISE XV (B)—No. 1.

## JOURNAL

	£	s.	d.	£	s.	d.
Ordinary Shareholders . . . . .	200,000	—	—			
To Ordinary Share Capital				200,000	—	—
200,000 shares of £1 each.						
Debenture Holders . . . . .	80,000	—	—			
To Debentures . . . . .				80,000	—	—
800 bonds of £100 each.						
	£280,000	—	—	£280,000	—	—

CASH BOOK  
(DEBIT SIDE)

		Bank.		
		£	s.	d.
19..	To Ordinary Shareholders . . . . .	200,000	—	—
	„ Debenture Holders . . . . .	80,000	—	—
		£280,000	—	—

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Ordinary Share Capital . . . . .				200,000	—	—
Debentures . . . . .				80,000	—	—
Cash at Bank . . . . .	280,000	—	—			
	£280,000	—	—	£280,000	—	—

## EXERCISE XV (B)—No. 1 (contd.)

## BALANCE SHEET

CAPITAL AND LIABILITIES.	£	s.	d.	PROPERTY AND ASSETS.	£	s.	d.
<i>Ordinary Share Capital—</i>				Cash at Bank.	280,000	—	—
200,000 Shares of £1 each	200,000	—	—				
<i>Debentures—</i>							
800 Bonds of £100 each	80,000	—	—				
	<u>£280,000</u>	—	—		<u>£280,000</u>	—	—

## EXERCISE XV (B)—No. 2.

## JOURNAL

		£	s.	d.	£	s.	d.
19..	Preference Shareholders	225,000	—	—			
	To Preference Share Capital				200,000	—	—
	200,000 shares of £1 each.						
	To Premium on Shares Account				25,000	—	—
	2s. 6d. per share on 200,000 shares.						
	Debenture Holders	84,000	—	—			
	To Debentures				80,000	—	—
	£80,000 issue of debentures.						
	To Debenture Premium A/c				4,000	—	—
	5% of £80,000.						
		<u>£309,000</u>	—	—	<u>£309,000</u>	—	—

## CASH BOOK

## (DEBIT SIDE)

		Bank.		
19..	To Preference Shareholders	£ 225,000	s. —	d. —
	„ Debenture Holders	84,000	—	—
		<u>£309,000</u>	—	—

EXERCISE XV (B)—No. 2 (*contd.*).

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Preference Share Capital . . . . .				200,000	—	—
Premium on Shares . . . . .				25,000	—	—
Debentures . . . . .				80,000	—	—
Debenture Premium . . . . .				4,000	—	—
Cash at Bank . . . . .	309,000	—	—			
	£309,000	—	—	£309,000	—	—

## BALANCE SHEET

CAPITAL AND LIABILITIES.			PROPERTY AND ASSETS.		
	£	s. d.		£	s. d.
<i>Preference Share Capital—</i>			Cash at Bank. . . . .	309,000	— —
200,000 Shares of £1 each . . . . .	200,000	— —			
Share Premium Account. . . . .	25,000	— —			
Debentures . . . . .	80,000	— —			
Premium on Debentures A/c . . . . .	4,000	— —			
	£309,000	— —		£309,000	— —

## EXERCISE XV (B)—No. 3.

## JOURNAL

19..		£	s.	d.	£	s.	d.
	Debenture Holders . . . . .	76,000	—	—			
	Debenture Discount . . . . .	4,000	—	—			
	To Debentures . . . . .				80,000	—	—
	For issue of £80,000 debentures in bonds of £100 each @ £95 per bond.						
		£80,000	—	—	£80,000	—	—

## EXERCISE XV (B)—No. 3 (contd.).

## CASH BOOK

(DEBIT SIDE)

		£	s.	d.
19..	To Debenture Holders . . . . .	76,000	—	—

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Debentures . . . . .				80,000	—	—
Debenture Discount . . . . .	4,000	—	—			
Cash at Bank . . . . .	76,000	—	—			
	£80,000	—	—	£80,000	—	—

## BALANCE SHEET

CAPITAL AND LIABILITIES.	£	s.	d.	PROPERTY AND ASSETS.	£	s.	d.
Debentures—				Cash at Bank . . . . .	76,000	—	—
800 Bonds of £100 each . . . . .	80,000	—	—	Debenture Discount . . . . .	4,000	—	—
	£80,000	—	—		£80,000	—	—

## EXERCISE XV (B)—No. 4.

## JOURNAL

	£	s.	d.	£	s.	d.
19.. Application A/c (Ordinary Shares) . . . . .	25,000	—	—			
To Ordinary Share Capital . . . . .				25,000	—	—
2/6 per share on 200,000 shares.						
Allotment A/c (Ordinary Shares) . . . . .	75,000	—	—			
To Ordinary Share Capital . . . . .				75,000	—	—
7/6 per share on 200,000 shares.						
First Call A/c (Ordinary Shares) . . . . .	50,000	—	—			
To Ordinary Share Capital . . . . .				50,000	—	—
5/- per share on 200,000 shares.						
Final Call A/c (Ordinary Shares) . . . . .	50,000	—	—			
To Ordinary Share Capital . . . . .				50,000	—	—
5/- per share on 200,000 shares.						
	£200,000	—	—	£200,000	—	—

## CASH BOOK

(DEBIT SIDE)

19..		£	s.	d.
	To Application Account (Ordinary Shares) . . .	25,000	—	—
	„ Allotment Account (Ordinary Shares) . . .	75,000	—	—
	„ First Call Account (Ordinary Shares) . . .	50,000	—	—
	„ Final Call Account (Ordinary Shares) . . .	50,000	—	—
		<u>£200,000</u>	—	—

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Ordinary Share Capital . . . . .				200,000	—	—
Cash at Bank . . . . .	200,000	—	—			
	<u>£200,000</u>	—	—	<u>£200,000</u>	—	—

## BALANCE SHEET

CAPITAL AND LIABILITIES.	£	s.	d.	PROPERTY AND ASSETS.	£	s.	d.
Ordinary Share Capital—				Cash at Bank . . . . .	200,000	—	—
200,000 Shares of £1 each . . . . .	200,000	—	—				
	<u>£200,000</u>	—	—		<u>£200,000</u>	—	—

## EXERCISE XV (B)—No. 5.

## JOURNAL

19..		£	s.	d.	£	s.	d.
	Application A/c (Preference Shares)	75,000	—	—			
	To Preference Share Capital . . . . .				50,000	—	—
	5/- per share on 200,000 shares. . . . .						
	To Share Premium A/c . . . . .				25,000	—	—
	2/6 per share on 200,000 shares. . . . .						
	Allotment A/c (Preference Shares) . . . . .	50,000	—	—			
	To Preference Share Capital . . . . .				50,000	—	—
	5/- per share on 200,000 shares. . . . .						
	Final Call A/c (Preference Shares) . . . . .	50,000	—	—			
	To Preference Share Capital . . . . .				50,000	—	—
	5/- per share on 200,000 shares. . . . .						
		<u>£225,000</u>	—	—	<u>£225,000</u>	—	—

EXERCISE XV (B)—No. 5 (*contd.*).CASH BOOK  
(DEBIT SIDE)

19..		£	s.	d.
	To Application Account (Preference Shareholders) .	75,000	—	—
	„ Allotment Account (Preference Shareholders) .	50,000	—	—
	„ First Call Account (Preference Shareholders) .	50,000	—	—
	„ Final Call Account (Preference Shareholders) .	50,000	—	—
		<u>£225,000</u>	—	—

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Preference Share Capital . . . . .				200,000	—	—
Share Premium . . . . .				25,000	—	—
Cash at Bank . . . . .	225,000	—	—			
	<u>£225,000</u>	—	—	<u>£225,000</u>	—	—

## BALANCE SHEET

CAPITAL AND LIABILITIES.	£	s.	d.	PROPERTY AND ASSETS.	£	s.	d.
Preference Share Capital— 200,000 Shares of £1 each	200,000	—	—	Cash at Bank . . . . .	225,000	—	—
Share Premium Account . . . . .	25,000	—	—				
	<u>£225,000</u>	—	—		<u>£225,000</u>	—	—

## EXERCISE XV (B)—No. 6.

## JOURNAL

19..		£	s.	d.	£	s.	d.
	Application Account (Debentures) .	16,000	—	—			
	To Debentures . . . . .				16,000	—	—
	20% of £80,000.						
	Allotment Account (Debentures) .	24,000	—	—			
	To Debentures . . . . .				24,000	—	—
	30% of £80,000.						
	Call Account (Debentures) . . . . .	40,000	—	—			
	To Debentures . . . . .				40,000	—	—
	50% of £80,000.						
		<u>£80,000</u>	—	—	<u>£80,000</u>	—	—

EXERCISE XV (B)—No. 6 (*contd.*).CASH BOOK  
(DEBIT SIDE)

		Bank.	
		£	s. d.
19..	To Application Account (Debentures) . . .	16,000	— —
	„ Allotment Account (Debentures) . . .	24,000	— —
	„ Call Account (Debentures) . . .	40,000	— —
		<u>£80,000</u>	— —

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Debentures . . . . .				80,000	—	—
Cash at Bank . . . . .	80,000	—	—			
	<u>£80,000</u>	—	—	<u>£80,000</u>	—	—

## BALANCE SHEET

CAPITAL AND LIABILITIES.			PROPERTY AND ASSETS.		
Debentures—	£	s. d.	Cash at Bank. . . . .	£	s. d.
800 Bonds of £100 each . .	80,000	— —		80,000	— —
	<u>£80,000</u>	— —		<u>£80,000</u>	— —

## EXERCISE XV (B)—No. 7.

## JOURNAL

	£	s.	d.	£	s.	d.
19..						
Application Account (Debentures) .	16,000	—	—			
To Debentures . . . . .				8,000	—	—
10% of £80,000. . . . .						
To Debenture Premium A/c . .				8,000	—	—
10% of £80,000. . . . .						
Allotment Account (Debentures) .	72,000	—	—			
To Debentures . . . . .				72,000	—	—
90% of £80,000. . . . .						
	<u>£88,000</u>	—	—	<u>£88,000</u>	—	—

EXERCISE XV (B)—No. 7 (*contd.*).

## CASH BOOK

(DEBIT SIDE)

		Bank.	
		£	s. d.
19..	To Application Account (Debentures) . . . .	16,000	— —
	„ Allotment Account (Debentures) . . . .	72,000	— —
		£88,000	— —

## TRIAL BALANCE

	£	s. d.	£	s. d.
Debentures . . . . .			80,000	— —
Debenture Premium . . . . .			8,000	— —
Cash at Bank . . . . .	88,000	— —		
	£88,000	— —	£88,000	— —

## BALANCE SHEET

CAPITAL AND LIABILITIES.	£	s. d.	PROPERTY AND ASSETS.	£	s. d.
Debentures—			Cash at Bank. . . . .	88,000	— —
800 Bonds of £100 each . . . .	80,000	— —			
Debenture Premium Account . . .	8,000	— —			
	£88,000	— —		£88,000	— —

## EXERCISE XV (B)—No. 8.

## JOURNAL

	£	s. d.	£	s. d.
19..				
Application Account (Debentures). . .	16,000	— —		
To Debentures			16,000	— —
£20 per bond on 800 bonds of £100 each.				
Debenture Discount Account . . . . .	8,000	— —		
To Debentures . . . . .			8,000	— —
10% of £80,000.				
Allotment Account (Debentures) . . .	56,000	— —		
To Debentures			56,000	— —
Balance of amount due, i.e. £72,000				
— £16,000.				
	£80,000	— —	£80,000	— —



EXERCISE XV (B)—No. 8 (*contd.*).

## CASH BOOK

19..		£	s.	d.
	To Application Account (Debentures) . . .	16,000	—	—
	„ Allotment Account (Debentures) . . .	56,000	—	—
		<u>£72,000</u>	—	—

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Debentures . . . . .				80,000	—	—
Debenture Discount . . . . .	8,000	—	—			
Cash at Bank . . . . .	72,000	—	—			
	<u>£80,000</u>	—	—	<u>£80,000</u>	—	—

## BALANCE SHEET

CAPITAL AND LIABILITIES.	£	s.	d.	PROPERTY AND ASSETS.	£	s.	d.
<i>Debentures—</i>				Cash at Bank. . . . .	72,000	—	—
800 Bonds of £100 each . . .	80,000	—	—	Debenture Discount . . . . .	8,000	—	—
	<u>£80,000</u>	—	—		<u>£80,000</u>	—	—

## EXERCISE XV (B)—No. 9.

## JOURNAL

19..		£	s.	d.	£	s.	d.
	Application Account . . . . .	25,000	—	—	25,000	—	—
	To Share Capital Account . . . . .						
	2/6 per share on 200,000 shares.						
	Application Account . . . . .	1,875	—	—	1,875	—	—
	To Allotment Account . . . . .						
	Transfer of 2/6 per share on 15,000 oversubscribed on application.						
	Allotment Account . . . . .	50,000	—	—	50,000	—	—
	To Share Capital Account . . . . .						
	5/- per share on 200,000 shares.						
		<u>£76,875</u>	—	—	<u>£76,875</u>	—	—

Dr.

## CASH BOOK

Cr.

	£	s.	d.		£	s.	d.
To Application Account . . . . .	28,750	—	—	By Application Account . . . . .	1,875	—	—
(230,000 2/6's.)				(15,000 2/6's. returned to non-successful appli- cants)			
„ Allotment Account . . . . .	48,125	—	—	„ Balance c/d . . . . .	75,000	—	—
(£50,000 less £1,875)					<u>£76,875</u>	—	—
	<u>£76,875</u>	—	—				

## EXERCISE XV (B)—No. 10.

## JOURNAL

19..		£	s.	d.	£	s.	d.
	Application Account . . . . .	25,000	—	—	25,000	—	—
	To Share Capital Account 2/6 per share on 200,000 shares.						
	Allotment Account . . . . .	25,000	—	—	25,000	—	—
	To Share Capital Account 2/6 per share on 200,000 shares.						
	Call Account . . . . .	50,000	—	—	50,000	—	—
	To Share Capital Account 5/- per share on 200,000 shares.						
		£100,000	—	—	£100,000	—	—

## CASH BOOK

## (DEBIT SIDE)

19..		£	s.	d.
	To Application Account . . . . .	25,000	—	—
	„ Allotment Account . . . . .	25,000	—	—
	„ Call Account . . . . .	50,037	10	—
	(£50,000 + [£100 paid in advance, less £62/10/- in arrears])			
		£100,037	10	—

## BALANCE SHEET

CAPITAL AND LIABILITIES.	£	s.	d.	£	s.	d.	PROPERTY AND ASSETS.	£	s.	d.
Nominal Capital: 250,000 Shares of £1 each . . . . .	250,000	—	—				Cash at Bank . . . . .	100,037	10	—
Issued Capital: 200,000 Shares of £1 . . . . .	100,000	—	—							
(10/- called)										
Add Calls in Advance . . . . .	100	—	—							
	100,100	—	—							
Less Calls in Arrears . . . . .	62	10	—							
				100,037	10	—				
				£100,037	10	—				
								£100,037	10	—

## EXERCISE XV (B)—No. 11.

## JOURNAL

19..		£	s.	d.	£	s.	d.
June 30	Application A/c (Ordinary Shares) .	50,000	—	—			
	To Ordinary Share Capital .				25,000	—	—
	5/- per share on 100,000 shares .						
	To Premium on Shares A/c .				25,000	—	—
	5/- per share on 100,000 shares .						
July 15	Allotment A/c (Ordinary Shares) .	75,000	—	—			
	To Ordinary Share Capital .				75,000	—	—
	15/- per share on 100,000 shares .						
		£125,000	—	—	£125,000	—	—

## EXERCISE XV (B)—No. 12.

## THE BLARNEYSTONE DIAMOND SYNDICATE, LTD.

## JOURNAL

19..		£	s.	d.	£	s.	d.
Jan. 2	Application A/c (Ordinary Shares) .	5,000	—	—			
	To Ordinary Share Capital .				5,000	—	—
	5/- per share on 20,000 shares .						
" 2	Application A/c (Preference Shares) .	2,000	—	—			
	To Preference Share Capital .				2,000	—	—
	5/- per share on 8,000 shares .						
Feb. 1	Allotment A/c (Ordinary Shares) .	10,000	—	—			
	To Ordinary Share Capital .				10,000	—	—
	10/- per share on 20,000 shares .						
" 1	Allotment A/c (Preference Shares) .	4,000	—	—			
	To Preference Share Capital .				4,000	—	—
	10/- per share on 8,000 shares .						
Mar. 1	First Call A/c (Ordinary Shares) .	5,000	—	—			
	To Ordinary Share Capital .				5,000	—	—
	5/- per share on 20,000 shares .						
" 1	First Call A/c (Preference Shares) .	16,000	—	—			
	To Preference Share Capital .				16,000	—	—
	£2 per share on 8,000 shares .						
		£42,000	—	—	£42,000	—	—

EXERCISE XV (B)—No. 12 (*contd.*).CASH BOOK  
(DEBIT SIDE)

				Bank.	
				£	s. d.
19..					
Jan.	2	To Application Account (Ordinary Shares)		5,000	— —
	2	„ Application Account (Preference Shares)		2,000	— —
Feb.	1	„ Allotment Account (Ordinary Shares)		8,000	— —
	1	„ Allotment Account (Preference Shares)		3,500	— —
Mar.	1	„ First Call Account (Ordinary Shares)		3,200	— —
	1	„ First Call Account (Preference Shares)		13,000	— —
				£34,700	— —

*The amounts unpaid were as follows—*

Ordinary Shares, £3,800

Preference Shares, £3,500

## EXERCISE XV (B)—No. 13.

## BALANCE SHEET OF THE BOSCOMBE MANUFACTURING CO., LTD.

CAPITAL AND LIABILITIES		£	£	PROPERTY AND ASSETS.		£	£
Nominal Capital—				Machinery and Plant		8,760	
20,000 5% Preference Shares				Less Depreciation		572	
of £1 each	20,000						8,188
20,000 Ordinary Shares of £1				Stock-in-trade			7,430
each	20,000			Sundry Debtors		6,560	
	£ 40,000			Less Bad Debts Reserve		500	
							6,060
Issued Capital—				Cash at Bank			8,134
20,000 5% Preference Shares,				Goodwill			12,000
fully called	20,000			Insurance Unexpired			146
Less Calls in Arrear	10		19,990				
18,000 Ordinary Shares, 15s.							
called	13,500						
Less Calls in Arrear	5		13,495				
General Reserve A/c			3,000				
Sundry Creditors			2,473				
Profit and Loss Appropriation							
A/c—							
Balance, 1st January	209						
Current Year's Profit	2,791		3,000				
		£ 41,958					£ 41,958

## EXERCISE XV (B)—No. 14.

The student should compare his own effort with the model set of Final Accounts on the following two pages. That is the answer to No. 15, but will serve equally well for the two questions.



**EXERCISE XV (B)—No. 15 (contd.).**

**WILLIAM PEARSON & CO., LTD.**

**BALANCE SHEET AS AT 31ST DECEMBER, 19..**

CAPITAL AND LIABILITIES.		PROPERTY AND ASSETS.	
<i>Nominal Capital—</i>		Freehold Premises . . .	
50,000 Shares of £1 each . .	£ 50,000	Machinery and Plant . . .	£ 6,000
		Less Depreciation . . .	600
<i>Issued Capital—</i>		Stock . . .	5,400
30,000 Shares of £1 each, 10/- called	£ 15,000	Sundry Debtors . . .	6,820
Less Calls in Arrears . . .	150	Less Bad Debts Reserve . .	—
		Cash at Bank . . .	3,640
<i>Mortgage Debentures—</i>		" in hand . . .	182
45 5% Bonds of £100 each . .	4,000		1,150
Reserve Fund . . .	1,000		190
Add Transfer from Profit and Loss			3,458
			1,340
Sundry Creditors . . .			
Unpaid Dividends . . .			
<i>Profit and Loss Account—</i>			
Balance available for distribution.			
	£ 28,518		£ 28,518

EXERCISE XV (B)—No. 16.

MESSRS. P. PINK AND B. BROWN

Dr. Cr.  
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER, 19..

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st Jan. . . . .				1,880	—	—	By Sales . . . . .	43,021	—
" Purchases . . . . .	37,060	—	—				Less Returns Inward . . . . .	125	—
Less Returns Outward . . . . .	220	—	—				" Stock, 31st December . . . . .		
Carriage Inwards . . . . .				36,840	—	—	By Trading Account, gross Profit b/d . . . . .		
Balance, gross Profit c/d . . . . .				5,171	—	—	" Discounts . . . . .		
				44,183	—	—	" Interest on Investments (including Half-year's owing) . . . . .		
To Rent (including Quarter owing) . . . . .				500	—	—		44,183	—
" Salaries . . . . .				630	—	—		5,171	—
" Carriage Outwards . . . . .				56	—	—		331	—
" Advertisements (£ of £800 W/O) . . . . .				400	—	—		62	—
" Rates (less £36 unexpired) . . . . .				144	—	—			
" National Insurance . . . . .				27	—	—			
" Insurance (less £21 unexpired) . . . . .				41	—	—			
" Telephone . . . . .				26	—	—			
" General Expenses, £197; Postages, £117 . . . . .				314	—	—			
" Repairs, £21; Bank Charges, £8 . . . . .				27	—	—			
" Electric Light . . . . .				18	—	—			
" Bad Debts . . . . .				67	—	—			
" Interest on Capital Accounts— P. Pink (5% of £3,600) . . . . .	180	—	—						
B. Brown (5% of £1,000) . . . . .	80	—	—						
Depreciation of Office Furniture (5% of £840) . . . . .				260	—	—			
Balance, net Profit to Capital Accounts— P. Pink, £2,008 . . . . .	2,008	—	—	42	—	—			
B. Brown, £1,004 . . . . .	1,004	—	—						
				3,012	—	—			
				£5,564	—	—			

## CURRENT ACCOUNTS

[illegible]

EXERCISE XV (B)—No. 16 (contd.).

MESSRS. P. PINK AND B. BROWN  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES		£	s.	d.	£	s.	d.	Assets	£	s.	d.
Rent Owning	.	.	.	.	125	—	—	Cash in hand	.	.	10
Creditors	.	.	.	.	854	—	—	Cash at Bank	.	.	1,293
Capital Accounts—								Investments	1,557	—	—
P. Pink	.	.	.	.				Add Half-year's Dividends due	31	—	—
B. Brown	.	.	.	.				Sundry Debtors	2,934	—	—
Current Accounts—								Less Bad Debts Reserve	567	—	—
P. Pink	.	.	.	.	1,304	—	—	Less Bad Debts W/O	67	—	—
B. Brown	.	.	.	.	317	—	—	Stock			2,367
								Office Furniture	840	—	1,287
								Less Depreciation	42	—	—
								Advertisements			798
								Rates Unexpired			400
								Insurance Unexpired			36
											21
											£7,800



TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cy.

437

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

(r.)

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EXERCISE XV (B)—No. 17 (*contd.*).

Cy.

## APPROPRIATION ACCOUNT

APPROPRIATION ACCOUNT											
Dr.											
	£	s. d.	s. d.		£	s. d.	s. d.		£	s. d.	s. d.
To Remuneration to Mang. Director (10% of £18,261/10/-)		1,826	3	-				By Balance from previous year			750
" Reserve Fund		2,500	-	-				" Profit and Loss Account b/d			18,261
" Balance to Balance Sheet		14,685	7	-							10
					£	19,011	10	-			19,011
									£		

## BALANCE SHEET AS AT 31ST DECEMBER, 19..

[illegible]

THE BROWN BOX CO., LTD.

Dr.	APPROPRIATION ACCOUNT				Cr.	
	£	s.	d.	£	s.	d.
To Preference Share Dividend	171	—	—	By Balance from previous year	1,928	11 10
" Ordinary Share Dividend	114	—	—	" Profit and Loss Account b/d	—	—
" Balance to Balance Sheet	2,115	19	—		—	—
	£2,400	19	—		£2,400	19 —

EXERCISE XV (B)—No. 18 (*contd.*).

## THE BROWN BOX CO., LTD.

BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.		PROPERTY AND ASSETS.	
<i>Nominal Capital—</i>		Freehold Land and Buildings	
5,000 6% Preference Shares of £1 each . . . . .	£ 5,000	Less Depreciation . . . . .	£ 3,607
5,000 Ordinary Shares of £1 each . . . . .	£ 5,000	Plant and Machinery . . . . .	£ 1,727
		Less Depreciation . . . . .	£ 172
		Furniture and Fittings . . . . .	£ 946
		Less Depreciation . . . . .	£ 47
<i>Issued Capital—</i>		Stock . . . . .	£ 3,764
3,000 6% Preference Shares of £1, fully paid . . . . .	£ 3,000	Sundry Debtors . . . . .	£ 400
4,800 Ordinary Shares of £1, fully paid . . . . .	£ 4,800	Less Bad Debts Reserve . . . . .	£ 822
Sundry Creditors . . . . .		Cash at Bank . . . . .	£ 63
<i>Profit and Loss Account—</i>		„ in hand . . . . .	£ 9
Balance available for distribution.		<i>Unexpired Amounts—</i>	£ 17
		Insurance . . . . .	£ 7
		Rates and Taxes . . . . .	£ 8
			£ 26
			£ 12,060
			£ 4
			£ 1

THE CHESHIRE MANUFACTURING CO., LTD.

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

	£	s.	d.	£	s.	d.
To Stock, 1st Jan. . . . .				11,420		
" Purchases . . . . .				43,249		
" Carriage Inwards . . . . .				220		
" Wages . . . . .	9,371					
" Add Reserve for Wages . . . . .	50					
" Fuel . . . . .				9,421		
" " Balance, Gross Profit c/d . . . . .				570		
				7,978		
				72,838		
To Salaries . . . . .				975		
" Repairs . . . . .				445		
" Bad Debts . . . . .				275		
" Postages . . . . .				86		
" Rates, Taxes, and Insurance . . . . .	524					
" Less Insurance prepaid . . . . .	21					
" Discounts Allowed . . . . .				503		
" Travelling Expenses . . . . .				517		
" Office Expenses . . . . .				302		
" Carriage Outwards . . . . .				363		
" Interest and Bank Charges . . . . .				410		
" Debenture Interest . . . . .	375			75		
" Add Debenture Interest accrued . . . . .	375					
" Directors' Fees . . . . .				750		
" Bad Debts Reserve (amount provided) . . . . .				550		
" Reserve for Discount on Debtors . . . . .				400		
" (5% of £24,300 - £400) . . . . .				1,195		
" Depreciation— . . . . .						
" Plant and Machinery (10% of £5,620) . . . . .	562					
" Land and Buildings (1% of £25,100) . . . . .	251					
" Balance, Net Profit . . . . .				813		
				872		
				£8,531		

EXERCISE XV (B)—No. 19 (*contd.*).

THE CHESHIRE MANUFACTURING CO., LTD.  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.	£	s.	d.	£	s.	d.	PROPERTY AND ASSETS.	£	s.	d.
<i>Nominal Capital—</i>							Land and Buildings . . .	25,100	—	—
5,000 Preference Shares of £10 each . . . . .	50,000	—	—				Less Depreciation . . .	251	—	—
10,000 Ordinary Shares of £10 each . . . . .	100,000	—	—				Plant and Machinery . .	5,620	—	—
							Less Depreciation . . .	562	—	—
	£150,000	—	—				Loose Tools . . . . .			5,058
<i>Issued Capital—</i>							Goodwill . . . . .			2,000
5,000 Preference Shares, £2 called up . . . . .							Stock . . . . .			10,000
10,000 Ordinary Shares, £5 called up . . . . .	50,000	—	—	10,000	—		Sundry Debtors . . . .	24,300	—	18,763
Less Calls in Arrears . .	250	—	—				Less Bad Debts Res. . .			
							" Discount Reserve £1,195	1,595	—	
5% <i>Mortgage Debentures—</i>				49,750	—		Cash in hand . . . . .			22,705
150 Bonds of £100 each .				15,000	—		Cost of Issue of Debentures			114
Debenture Interest accrued .				375	—		Insurance prepaid . . .			750
Bank Overdraft . . . . .				1,525	—		Profit and Loss Account, balance to date . . . . .			21
Sundry Creditors . . . . .	9,160	—	—							1,371
Less Discount Reserve . .	229	—	—	8,931	—					
Reserve for Wages . . . .				50	—					
				£85,631	—					£85,631

EXERCISE XV (B)—No. 20.

THE HUGHBURN MANUFACTURING CO., LTD.

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19.. Cr.

Dr.	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st July . . . . .				6,537			By Sales . . . . .		46,728
" Purchases . . . . .	22,448						Less Returns Inwards . . . . .		1,174
Less Returns Outwards . . . . .	1,745						" Stock, 30th June . . . . .		45,554
" Wages . . . . .				20,703					6,900
" Balance, Gross Profit c/d . . . . .				13,632					
				11,582					
				£ 52,454					£ 52,454
To General Trade Charges . . . . .				1,014			By Trading Account b/d . . . . .		11,582
" Salaries . . . . .				2,042					
" Travelling Expenses . . . . .				758					
" Advertising . . . . .				870					
" Rents, Rates, Taxes, and Insance . . . . .	858								
Less Insurance paid in advance . . . . .	96								
				762					
" Discount . . . . .				314					
" Bank Interest and Commission . . . . .				114					
" Bad Debts . . . . .				249					
" Debenture Interest . . . . .				214					
" Bad Debts Reserve . . . . .	912								
(7½% of £12,160) . . . . .									
Less Old Reserve . . . . .	760			152					
" Depreciation—									
Fixtures and Fittings . . . . .	375								
(10% of £3,750) . . . . .									
Machinery and Plant . . . . .	1,875			2,250					
(10% of £18,750) . . . . .				2,843					
" Balance, Net Profit c/d . . . . .				£ 11,582					£ 11,582



EXERCISE XV (B)—No. 20 (contd.).

THE HIGHBURN MANUFACTURING CO., LTD.

BALANCE SHEET AS AT 30TH JUNE, 19..

CAPITAL AND LIABILITIES.								PROPERTY AND ASSETS.								
<i>Nominal Capital—</i>																
40,000 Ordinary Shares of £1 each . . . . .				£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	
				40,000	—	—							18,750	—	—	
										1,875	—	—				
<i>Issued Capital—</i>													3,750	—	—	
40,000 Ordinary Shares of £1 each, 15/- called up . . . . .				30,000	—	—				375	—	—				
Less Calls in Arrears . . . . .				205	—	—										
<i>Debentures—</i>							29,795	—	—							
50 £100 Bonds . . . . .							5,000	—	—				12,160	—	—	
Reserve Fund . . . . .							5,000	—	—				912	—	—	
Sundry Creditors . . . . .							7,728	—	—				1,427	—	—	
<i>Profit and Loss Account—</i>													43	—	—	
Balance available for distribution . . . . .							4,891	—	—							
							£ 52,414	—	—				£	52,414	—	—

## EXERCISE XV (B)---No. 20 (contd.).

THE HIGBURN MANUFACTURING CO., LTD.

Dr.		APPROPRIATION ACCOUNT						Cr.	
	£	s.	d.	£	s.	d.	£	s.	d.
To Dividends paid	:		1,415				By Balance, 1st July	:	
„ Balance to Balance Sheet	:		4,891				„ Profit and Loss Account b/d	:	
			£6,306						
									</

446 EXERCISE XV (B)---No. 21.

THE NORTH LONDON ENGINEERING CO., LTD.

[illegible]

EXERCISE XV (B)—No. 21 (*contd.*).

THE NORTH LONDON ENGINEERING CO., LTD.

[illegible]

Dr.	APPROPRIATION ACCOUNT				Cr.
	£	s.	d.	£	
To Reserve Fund . . . . .				By Profit and Loss Account .	
„ Balance to Balance Sheet .					
	£	s.	d.	£	s.
	1,500	—	—		5,507
	4,007	—	—		(5,507)
	£5,507	—	—		

THE NORTH LONDON ENGINEERING CO., LTD.  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

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EXERCISE XV (B)—No. 22.

THE LANCASHIRE AND CHESHIRE ENGINEERING CO., LTD.

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 19..

Cr.

Dr.	£	s.	d.	£	s.	d.	£	s.	d.	Cr.
To Stock, 1st April . . . . .	15,965	16	—	2,760	—	—	By Sales . . . . .	24,698	—	—
" Purchases . . . . .	287	—	—	—	—	—	Less Returns Inwards . . . . .	267	10	—
Less Returns Outwards . . . . .	—	—	—	—	—	—	" Stock, 31st March . . . . .	—	—	24,430
" Carriage Inwards . . . . .	—	—	—	15,678	16	—	" Loose Tools, 31st March . . . . .	—	—	3,025
" Wages . . . . .	—	—	—	320	5	—	—	—	—	1,870
" Coal and Coke . . . . .	—	—	—	2,576	10	—	—	—	—	—
" Loose Tools, 1st April . . . . .	—	—	—	250	—	—	—	—	—	—
" Balance, Gross Profit c/d . . . . .	—	—	—	1,890	—	—	—	—	—	—
				5,850	9	—	—	—	—	—
				£ 29,326	—	—	By Trading Account b/d . . . . .	£ 29,326	—	—
To Salaries . . . . .	—	—	—	200	—	—	" Discounts Received . . . . .	—	—	5,850
" Carriage Outwards . . . . .	—	—	—	167	10	—	—	—	—	200
" Rents, Rates, etc. . . . .	—	—	—	236	10	—	—	—	—	—
" Sundry Expenses . . . . .	—	—	—	157	10	—	—	—	—	—
" Discounts Allowed . . . . .	—	—	—	760	—	—	—	—	—	—
" Bad Debts . . . . .	—	—	—	127	10	—	—	—	—	—
" Directors' Fees . . . . .	—	—	—	200	—	—	—	—	—	—
" Bank Charges . . . . .	—	—	—	57	10	—	—	—	—	—
" Debenture Interest, Net . . . . .	—	—	—	285	—	—	—	—	—	—
" Bad Debts Reserve (amount provided) . . . . .	—	—	—	150	—	—	—	—	—	—
" Discount Reserve (amount provided) . . . . .	—	—	—	200	—	—	—	—	—	—
Depreciation—							—	—	—	—
Office Furniture, etc. (5% of £127) . . . . .	6	7	—	—	—	—	—	—	—	—
Patents (20% of £3,960/10/-) . . . . .	782	2	—	—	—	—	—	—	—	—
Plant and Machinery (10% of £15,000) . . . . .	1,500	—	—	2,298	9	—	—	—	—	—
Balance, Net Profit c/d . . . . .	—	—	—	1,210	10	—	—	—	—	—
				£6,050	9	—	—	—	—	£6,050 9 —

Dr.

APPROPRIATION ACCOUNT

Cr.

Dr.	£	s.	d.	£	s.	d.	£	s.	d.	Cr.
To Interim Preference Dividend paid Oct. 15 (Less Tax) . . . . .	—	—	—	665	—	—	By Balance, 1st April . . . . .	—	—	—
" Balance to Balance Sheet . . . . .	—	—	—	715	—	—	" Profit and Loss Account . . . . .	—	—	—
				£1,380	—	—	—	—	—	£1,380 — —

THE LANCASHIRE AND CHESHIRE ENGINEERING CO., LTD.  
BALANCE SHEET AS AT 31ST MARCH, 19..

450

## PURCHASES BOOK

(Additional columns for (1) Discount and (2) Returns and Allowances may be inserted at the discretion of teachers.)

## EXERCISE XV (B)—No. 24.

## E. F. &amp; CO.'S LEDGER

Dr.				Cr.			
J. J. & Co.							
19..		£	s. d.	19..		£	s. d.
Feb. 1	To Sales . . . . .	350	- -	Feb. 1	By Bills Receivable . .	354	11 6
" 1	" Interest . . . . .	4	7 6				
	(3 mos. @ 5%)						
" 1	" Stamp Duty . . . . .		4 -				
		£354	11 6			£354	11 6

CASH ACCOUNT  
(Bank Column)

Dr.				Cr.			
19..		£	s. d.	19..		£	s. d.
Mar. 15	To Bills Receivable . .	350	- -	Mar. 15	By Banker's Discount . .	1	15 6
					( $\frac{1}{8}$ of £14/3/8)		

## BILLS RECEIVABLE ACCOUNT

Dr.				Cr.			
19..		£	s. d.	19..		£	s. d.
Feb. 1	To J. J. & Co. . . . .	354	11 6	Mar. 15	By Cash . . . . .	354	11 6

## J. J. &amp; CO.'S LEDGER

Dr.				Cr.			
E. F. & Co.							
19..		£	s. d.	19..		£	s. d.
Feb. 1	To Bills Payable . . . . .	354	11 6	Feb. 1	By Purchases . . . . .	350	- -
				" 1	" Interest . . . . .	4	7 6
				" 1	" Stamp Duty . . . . .		4 -
		£354	11 6			£354	11 6

CASH BOOK  
(Bank Column)

Dr.				Cr.			
19..		£	s. d.	19..		£	s. d.
Mar. 1	By Bills Payable . . . . .	354	11 6				

## BILLS PAYABLE ACCOUNT

Dr.				Cr.			
19..		£	s. d.	19..		£	s. d.
May 4	To Cash . . . . .	354	11 6	Feb. 1	By E. F. & Co. . . . .	354	11 6



EXERCISE XV (B)—No. 24 (*contd.*).

## FORM OF BILL

No. 24.	DUE DATE <i>4th May, 19..</i>	LIVERPOOL.
		<i>1st February, 19..</i>
£354:11:6		
STAMP  4/-	Three months after date pay to our order the sum of Three hundred and fifty-four pounds, eleven shillings and sixpence, for value received.	
To J. J. & Co., Manchester.		Signatures $\left\{ \begin{array}{l} E. \\ H. \end{array} \right.$

## EXERCISE XV (B)—No. 25.

*Dr.*                      CONSIGNMENT ACCOUNT                      *Cr.*  
 (Consignment of Steel to SMITH & Co., of Melbourne, per S.S. *Ormuz*)

		£	s.	d.			£	s.	d.
19..	To Goods on C'ment (50 tons Steel @ £12½)	625			19..	By Smith & Co. . .	£ 640		
	" Cash	37	10		Dec. 31	(as per A/s)	125		
	(Freight on above @ 15/-)				" 31	" Stock of Iron .			
Dec. 31	" Smith & Co.'s Charges as A/s	48	15		" 31	(10 tons Steel @ £12½ c/d)	7	10	
" 31	" Balance (Profit)	61	5			Expenses c/d . .			
						(½ of £37/10/-)			
		£772	10				£772	10	
Dec. 31	To Balances b/d— Steel . . . £125 Expenses . . . 7½								
		132	10						

## EXERCISE XV (B)—No. 26.

		£	s.	d.			£	s.	d.
19..	To Interest on Cap. A/cs.	£ 310			19..	By Balance . . .	£ 2,510		
	" Partnership Salary .	400							
	" Balance . . .	1,800							
	(Divisible profit)								
		£2,510					£2,510		

This Account has been raised to show how divisible profit is arrived at.  
 It is NOT part of the question.

## EXERCISE XV (B)—No. 26 (contd.).

## CAPITAL ACCOUNTS

Dr.				W. LONE				Cr.			
19..		£ s. d.		19..		£ s. d.					
Jan. 1	To Cash . . .	400	—	Jan. 1	By Balance . . .	2,000	—				
Dec. 31	„ Drawings . . .	480	—	„ 1	„ Goodwill (2) . . .	1,200	—				
„ 31	„ Balance c/d . . .	3,360	—	„ 1	„ Interest . . .	140	—				
				„ 1	„ Share of Profit (½) . . .	900	—				
		<u>£4,240</u>	—			<u>£4,240</u>	—				
				Dec. 31	By Balance b/d . . .	3,360	—				

Dr.		T. STANLEY				Cr.			
19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Drawings . . .	480	—	—	Jan. 1	By Balance . . .	1,800	—	—
„ 31	„ Balance c/d . . .	2,640	—	—	„ 1	„ Goodwill (½) . . .	600	—	—
					„ 31	„ Interest . . .	120	—	—
					„ 31	„ Share of Profit (½) . . .	600	—	—
		£3,120	—	—			£3,120	—	—
					Dec. 31	By Balance b/d . . .	2,640	—	—

Dr.		M. MAXWELL				Cr.		
19..		£	s.	d.	19..	£	s.	d.
Dec. 31	To Drawings . . .	480	—	—	Jan. 1	By Balance . . .	1,000	—
" 31	" Balance c/d . . .	1,270	—	—	Dec. 31	" Interest . . .	50	—
					" 31	" Salary . . .	400	—
					" 31	" Share of Profit (½) . . .	300	—
		£1,750	—	—			£1,750	—
					Dec. 31	By Balance b/d . . .	1,270	—

**EXERCISE XV (C)—No. 1.**

(a) An Appropriation Account is an "extra" subdivision of the Profit and Loss Account. It is designed to show how the "profit" of the year is appropriated. The account subjoined shows on its *debit* side to what purposes the profit of the company has been appropriated. This account is raised only in connection with joint stock companies.

<i>Dr.</i>	APPROPRIATION ACCOUNT	<i>Cr.</i>	
	£	£	
To Preference Share Dividends . . .	1,000	By Balance brought forward from . . .	
„ Ordinary Share Dividends . . .	500	„ December last year . . .	850
„ Managing Directors' Remuneration (5% of £8,000) . . .	400	„ Current Year's Profit . . .	8,000
„ Superannuation Fund . . .	250		
„ Balance to Balance Sheet . . .	6,700		
	£8,850		£8,850

Preliminary Expenses and Goodwill are now generally viewed as capital expenditure, and it is thought consistent practice to write off any values relating to them through this account.

(b) A "charge against profits" is a term which signifies that the profit earned in business has been secured by an expense inevitable to that result. For example, a trader may receive a loan from his banker of, say, £500 at 5 per cent per annum. Now, the purpose to which he applies that £500 will obviously be for earning profit in his business. Let it be suggested that the return to the trader on his investment of the bank loan in his business yields £100 profit; then, against this £100 must be offset the £25 for interest due to the bankers. Therefore, the £25 is said to be a charge against the profit of £100 earned, because the trader cannot reasonably conclude that he has earned £100 whilst he is under an obligation in regard to the means by which he was able to secure that income.

An "appropriation of profits" is a term used to signify that the available profit of a business may be set apart for creating special reserves, providing for dividends, and for writing down items of capital expenditure, e.g. Goodwill.

The distribution of dividends is an example of the appropriation of profits, because their distribution can take place only when profit is available for the purpose. This aspect may be made clearer if it be understood that in the circumstance of a trade reverse, the directors would be unable to declare a dividend because of there being no available profit for the purpose.

(c) Assets which do not lend themselves to classification as being either "fixed" or "floating" are those which are not acquired as a means of earning income; or for the purpose of trading with them, i.e. converting them into cash or commodities or their equivalents.

Examples of these are—

- (1) Goodwill.
- (2) Preliminary Expenses.
- (3) Debenture (or Share) Discount.

(1) *Goodwill* is acquired when a business is purchased as a going concern, and it is represented by a price paid to the vendor in satisfaction of the "profits" normally expected to be associated with the business taken over. This asset may be said to be of value to the new proprietors in the exact proportion to the changing values of the Trade Debtors taken over.

(2) *Preliminary Expenses* are the initial costs incurred on the formation of a business (see also *Advanced Accounts*, page 534).

(3) *Debenture Discount* arises on an issue of debentures by a company, when the price at which they are issued is less than their "par" value. The discount is the margin of price below par at which they may be bought, e.g. debentures issued at £98 per cent means that the £2, below par value of £100, is discount.

## EXERCISE XV (C)—No. 2.

## JOURNAL OF THE RAYON D'OR PUBLISHING CO., LTD.

19..		£	s.	d.	£	s.	d.
Dec. 31	Profit and Loss Account . . . . .	11,400	—	—	11,400	—	—
	To Appropriation Account . . . . .						
	For transfer of balance.						
„ 31	Preference Stock Dividend Account . . . . .	3,000	—	—			
	To Preference Stockholders . . . . .				2,250	—	—
	„ Income Tax . . . . .				750	—	—
	For provision of dividends to stock- holders at 6%, less income tax @ 5/- in £.						
„ 31	Appropriation Account . . . . .	3,000	—	—	3,000	—	—
	To Preference Stock Dividend A/c . . . . .						
	For transfer of balance.						
„ 31	Ordinary Share Dividend Account . . . . .	4,800	—	—			
	To Ordinary Shareholders . . . . .				3,600	—	—
	„ Income Tax . . . . .				1,200	—	—
	For provision of dividend to share- holders at 8%, less income tax @ 5/- in £.						
„ 31	Appropriation Account . . . . .	4,800	—	—	4,800	—	—
	To Ordinary Share Dividend . . . . .						
	For transfer of balance.						
„ 31	Appropriation Account . . . . .	1,500	—	—	1,500	—	—
	To Renewals Reserve . . . . .						
	Provision for addition to reserve						
		£ 28,500	—	—	28,500	—	—

EXERCISE XV (C)—No. 3.

THE WELSH MANUFACTURING CO., LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr.									Cr.			
	£	s.	d.	£	s.	d.	£	s.	£	s.	d.	
To <i>Stocks</i> , 1st Jan.—												
Materials . . . . .	6,420	—	—				56,800	—				
Finished Goods . . . . .	9,400	—	—				1,740	—				
Sundries . . . . .	530	—	—									
				16,350	—	—						55,060
Materials Purchased . . . . .	38,000	—	—				10,743	—				
" Sundries Purchased ( <i>less</i> Returns)	580	—	—				19,430	—				
							340	—				
" Wages . . . . .				38,580	—	—						30,513
" Coal and Coke used . . . . .				15,500	—	—						
" Balance, Gross Profit c/d . . . . .				1,460	—	—						
				13,683	—	—						
							85,573	—				
				£			£					

Dr.	APPROPRIATION ACCOUNT				Cr.			
	£	s.	d.	£	s.	d.	£	s.
To Dividend paid . . . . .								
" Balance to Balance Sheet . . . . .								
				1,800	—	—		
				3,813	—	—		
				£5,613	—	—		
							2,388	—
							3,225	—
							£5,613	—



THE WELSH MANUFACTURING CO., LTD.  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

COMMENTS UPON THE BALANCE SHEET, ETC.

- (1) It would appear that the Company is overtrading, as the bank has been overdrawn.
- (2) The item "Finished Goods" suggests the anticipation of trade too far ahead.
- (3) The Bad Debts Reserve appears to be on too liberal a scale.
- (4) A dividend could not be considered, as there is no available cash.
- (5) The item "Wages" being 28.15 per cent, shows favourably in relation to turnover.
- (6) The Company is not "robust."

EXERCISE XV (C)—No. 4.

THE POSTFORD MANUFACTURING CO., LTD.

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19..

Dr.	£	s.	d.	£	s.	d.	By Sales	£	s.	d.	Cr.
To Stock, 1st Jan. . . . .											
" Purchases . . . . .				8,990				37,950			
" Wages . . . . .				15,345				9,050			
" Fuel . . . . .				13,671							
" Balance, Gross Profit. . . . .				485							
				8,509							
				£47,000				£47,000			
To Repairs . . . . .	472						By Trading Account . . . . .				
Less $\frac{1}{4}$ to be carried forward . . . . .	236										
Office Expenses . . . . .				236							
" Discount . . . . .				362							
" Salaries . . . . .				83							
" Postages and Telegrams . . . . .				1,062							
" Rates and Taxes . . . . .				116							
" Travelling Expenses . . . . .				239							
" Interest and Bank Charges . . . . .				317							
" Cost of New Catalogues ( $\frac{1}{3}$ of £300) . . . . .				402							
" Directors' Fees . . . . .				100							
" Bad Debts Res. (5% of £9,847) . . . . .	492	7		300							
Less Old Reserve . . . . .	250										
				242	7						
Depreciation—											
Loose Tools (20% of £1,856) . . . . .	371	4									
Boiler and Heating Plant . . . . .	59	4									
(10% of £592) . . . . .											
Plant and Machinery . . . . .	565	8									
(10% of £5,654) . . . . .				995	16						
" Balance, Net Profit . . . . .				4,053	17						
				£8,509				£8,509			



THE POSTFORD MANUFACTURING CO., LTD.  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

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EXERCISE XV (C)—No. 5.

MARTIN HANSON & CO., LTD.

Dr.

TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19..

Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st Jan. . . . .	17,315	10	7	8,302	6	2	48,701	17	2
" Purchases . . . . .	51	10	11				8,605	18	9
Less Returns Outward . . . . .									
" Wages . . . . .				17,263	19	8			
" Coal . . . . .				18,658	11	7			
" Balance, Gross Profit c/d . . . . .				1,890	19	1			
				11,191	19	5			
				£ 57,307	15	11	£ 57,307	15	11

EXERCISE XV (C)—No. 5 (cont'd.).

MARTIN HANSON & CO., LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr.

Cr.

£	s.	d.	£	s.	d.	£	s.	d.
To Discounts Allowed . . . . .			1,390	13	11	By Trading Account b/d. . . . .		
" Insurance . . . . .			168	1	2	" Bank Interest . . . . .		
" Horse-keep . . . . .	735	3	4			" Discounts Received . . . . .		
" Less Stock in hand . . . . .	25	—	—			" Dividends accrued on Investments . . . . .		
Repairs . . . . .			710	3	4			
" Trade Expenses . . . . .			1,594	7	5			
" Salaries . . . . .			1,885	7	2			
" Directors' Fees . . . . .			1,307	1	6			
" Bank Commission . . . . .			250	—	—			
" Subscriptions . . . . .			26	18	3			
" Debenture Trustees' Fees . . . . .			29	14	6			
" Loan Interest . . . . .			26	5	—			
" Debenture Interest . . . . .			877	10	—			
" Loan Interest . . . . .			263	2	10			
" Bad Debts Reserve (amount provided). . . . .	600	—	—					
" Less Old Reserve . . . . .	408	1	9					
Discount Reserve on Debtors (amount provided). . . . .			191	18	3			
" Depreciation— . . . . .			667	—	—			
Loose Tools { 7½% of £2,750 for a year . . . . .	220	14	5					
Patterns { 10% of £3,200 for a year . . . . .	346	5	4					
Furniture (5% of £200 for a year) . . . . .	10	—	—					
Horses and Carts (20% of £250 for a year) . . . . .	50	—	—					
Fixed Plant (5% of £4,400 for a year) . . . . .	220	—	—					
Electric Light Installation (£ of £300) . . . . .	100	—	—					
Balance, Net Profit c/d . . . . .			946	19	9			
			2,658	12	1			
			£ 11,743	8	2			
						£ 11,743	8	2

APPROPRIATION ACCOUNT

Dr.

Cr.

£	s.	d.	£	s.	d.	£	s.	d.
To Preference Dividend . . . . .			675	—	—	By Balance, 1st Jan. . . . .		
" Ordinary Dividend . . . . .			2,900	—	—	" Profit and Loss Account . . . . .		
" Special Reserve Account (35% of £5,577) . . . . .			1,994	—	—			
" Balance to Balance Sheet . . . . .			4,183	—	7			
			£9,152	—	7			
						£9,152	—	7



## EXERCISE XV (C)—No. 6.

## (1) TRIAL BALANCE—(ITEMS ONLY)

*Trading Account—*

Stock (at commencement)	Manufacturing Expenses	Sales
Purchases	Returns Outward	Returns Inward
Carriage Inwards	Factory Rent, Power,	
Manufacturing Wages	Light, etc.	

*Profit and Loss Account—*

Carriage Outwards	Insurance	Stationery and Postages
Discounts Received	Advertising	Commission
Discounts Allowed	Lighting and Heating	Travelling
Office Salaries	Interest	Repairs
General Expenses	Depreciation	Bank Charges
Office Rent and Rates	Bad Debts	

*Balance Sheet—*

Cash	Patents	Sundry Creditors
Bank	Motor Lorries	Sundry Debtors
Bills Payable	Plant and Machinery	Capital
Bills Receivable	Land and Buildings	Drawings
Office Furniture	Goodwill	

*Adjustments required at Balancing time—*

- (1) Valuation of Stock in hand at close.
- (2) Provision of Interest on Capital.
- (3) Provision for Bad and Doubtful Debts by a Reserve therefor.
- (4) Provision for—(a) Outstanding items, as Rent due.  
(b) Unexpired items, as Insurance prepaid.

(2)

*(a) Single Account System.*

The view of what is deemed "profit" under this system is gauged by the *net* increase in value of assets over liabilities for the financial year just closed. A realized surplus on any one particular asset may not be considered available for distribution to shareholders without reference to the general financial position of the concern.

*(b) Double Account System.*

The view of what is deemed "profit" under this system is measured by the difference between "income" and "expenditure" as shown by the Revenue Account without reference to the depreciation (or it may be the appreciation) of the fixed assets as shown in the Capital Account.)

*(c) Third System.*

When the "Memorandum of Association" provides power for its directors to invest capital in a "wasting" asset and exemption from providing means for the renewal of the same, then the "profit" of the company available for distribution is the excess of the year's income over the year's expenses properly chargeable to revenue without provision for depreciation of fixed assets.

*(d) Fourth System.*

Provision for losses of Capital (Fixed and Floating) are not necessarily to be included in the statement of profit before determining the "profit" of the company. It would seem that, unless specifically provided for in the Memorandum or Articles of Association, the "profit" of a company normally relates to the excess of income over expenses properly chargeable against revenue.

## EXERCISE XV (C)—No. 7.

The method adopted to make the Bought and Sales Ledgers balance independently is by means of adjustment accounts, which accounts are clearly explained and illustrated in Advanced Accounts.

To keep the position of the Bank Account from the Ledger clerks, it would be necessary to arrange for the Bank Account (total amounts of receipt and payments) to be kept in the Private Ledger.

## EXERCISE XV (C)—No. 8.

Dr.				REALIZATION ACCOUNT				Cr.			
19..		£	s. d.	19..		£	s. d.				
	To Sundry Assets .	22,100	— —		By Cash (including £500 for Goodwill)	21,800	— —				
	„ Cash (Expenses)	300	— —		„ Balance . . .	600	— —				
					(Loss transferred to Profit and Loss A/c)						
		£ 22,400	— —			£ 22,400	— —				

<i>Dr.</i>		CASH ACCOUNT				<i>Cr.</i>		
19..		£	s.	d.	19..	£	s.	d.
	To Realization A/c	21,800	—	—		By Realization A/c	300	—
						(Expenses)		
						„ J. Harrison	4,000	—
						„ Sundry Creditors	4,200	—
						„ L. Brier	10,590	—
						„ C. Oke	2,710	—
		£ 21,800	—	—			£ 21,800	—

Dr.		PROFIT AND LOSS ACCOUNT				Cr.		
19..		£	s.	d.	19..	£	s.	d.
	To Interest on L. Brier's Capital	2,000	—	—		By Balance .	12,500	—
	„ Loss on Realization	600	—	—				
	„ Balance, Net Profit to Capital A/cs—							
	L. Brier, $\frac{1}{2}$	£5,940						
	C. Oke, $\frac{1}{2}$	3,960						
		<u>9,900</u>	—	—				
		£ 12,500	—	—		£ 12,500	—	—

<i>Dr.</i>		L. BRIER'S CAPITAL ACCOUNT				<i>Cr.</i>		
19..		£	s.	d.	19..	£	s.	d.
Dec. 31	To Drawings A/c . . .	5,350	—	—	Dec. 31	By Balance . . .	8,000	—
" 31	" Cash . . .	10,590	—	—		" Interest . . .	2,000	—
						" Profit and Loss A/c .	5,940	—
		£ 15,940	—	—			£ 15,940	—

EXERCISE XV (C)—No. 8 (*contd.*).

## Dr. L. BRIER'S DRAWINGS ACCOUNT

Cr.

19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Balance . . .	5,350	-	-	Dec. 31	By Capital A/c . . .	5,350	-	-

## Dr. C. OKE'S CAPITAL ACCOUNT

Cr.

19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Drawings A/c . . .	1,250	-	-	Dec. 31	By Profit and Loss A/c . . .	3,960	-	-
" 31	" Cash . . .	2,710	-	-					
		£3,960	-	-			£3,960	-	-

## Dr. C. OKE'S DRAWINGS ACCOUNT

Cr.

19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Balance . . .	1,250	-	-	Dec. 31	By Capital A/c . . .	1,250	-	-

## EXERCISE XV (C)—No. 9.

## JOURNAL ENTRIES FOR ADJUSTMENT

19..		£	s.	d.	£	s.	d.
	Suspense Account . . . . .	10	9	-	10	9	-
	To W. Brown . . . . .						
	Sundry Debtors . . . . .	6	3	2	6	3	2
	To Suspense Account . . . . .						
	Returns Inwards . . . . .	27	10	-	27	10	-
	To R. Carr . . . . .						
	Bradart Freres . . . . .	220	-	-	220	-	-
	To Bank . . . . .						
		£264	2	2	£264	2	2

## EXERCISE XV (C)—No. 10.

See *Advanced Accounts* pages 18 and 19 (under "Loose-leaf and Card Ledger").

EXERCISE XV (C)—No 11

THE MOTOR MANUFACTURING CO., LTD.

Dr.		TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..					Cr.	
		£	s.	d.		£	s.	d.
To Stock, 1st Jan.	.	18,750	—	—	By Sales	122,000	—	—
" Purchases	.	62,100	—	—	" Stock, 31st Dec.	10,087	—	—
" Manufacturing Wages	.	30,000	—	—				
" Coal	.	2,225	—	—				
" Royalties	.	450	—	—				
" Balance, Gross Profit	.	18,562	—	—				
		£132,087	—	—		£132,087	—	—



## THE MOTOR MANUFACTURING CO., LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..											
Dr.									Cr.		
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
To Rates, Taxes, and Insurance			1,250	—	—	By Trading Account			18,562	—	—
Repairs and Renewals			1,300	—	—	" Discounts Received			1,780	—	—
Gas and Water			175	—	—	" Reserve for Bad Debts	2,250	—			
General Expenses			475	—	—	Less Bad Debts	150	—			
Travelling Expenses			1,325	—	—	" New Provision	1,875	—			
Office Salaries			1,000	—	—				225	—	—
Discounts Allowed			2,120	—	—	" Interest on Bank Deposit			300	—	—
Debenture Interest			1,000	—	—						
Directors' Fees			525	—	—						
Depreciation—											
Plant and Machinery	1,500	—									
Office Furniture	46	17	6								
Patterns	468	15	—								
Patents	281	5	—								
			2,296	17	6						
Preliminary Expenses			400	—	6						
Balance c/d			9,000	2	6						
			20,867	—	—				20,867	—	—
			£						£		
APPROPRIATION ACCOUNT											
Dr.									Cr.		
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
To Sinking Fund Account for Redemption of Debentures	2,000	—				By Balance, 1st Jan.			890	—	—
Interim Dividend Paid	2,000	—				" Current Year's Profit			9,000	2	6
Balance to Balance Sheet	5,890	2	6								
	9,890	2	6						9,890	2	6

## EXERCISE XV (C)—No. 11 (contd.)

THE MOTOR MANUFACTURING CO., LTD.

BALANCE SHEET FOR THE YEAR ENDED 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.	£	s.	d.
<b>Nominal Capital—</b>			
80,000 Shares of £1 each . . .	80,000	—	—
<b>Subscribed Capital—</b>			
60,000 Shares of £1 each, fully called . . .	60,000	—	—
Less Calls in Arrear . . .	1,000	—	—
Debentures 5% . . .			
Sinking Fund Account for Redemption of Debentures . . .	8,000	—	—
Add Transfer from Profit and Loss Account . . .	2,000	—	—
" Interest on £8,000 @ 3½%. . .	280	—	—
Bills Payable . . .			
Sundry Creditors . . .			
<b>Profit and Loss Account—</b>			
Balance available for Distribution . . .			
	£	s.	d.
	80,000	—	—
	60,000	—	—
	1,000	—	—
	8,000	—	—
	2,000	—	—
	280	—	—
	10,280	—	—
	15,500	—	—
	16,800	—	—
	5,890	2	6
	£127,470	2	6
<b>PROPERTY AND ASSETS.</b>			
Treasure Premises . . .	20,000	—	—
Plant and Machinery . . .	1,500	—	—
Less Depreciation . . .			
Office Furniture . . .	625	—	—
Less Depreciation . . .	46	17	6
Patterns . . .	6,250	—	—
Less Depreciation . . .	468	15	—
Patents . . .	3,750	—	—
Less Depreciation . . .	281	5	—
Goodwill . . .			
Stock . . .	37,500	—	—
Sundry Debtors . . .	1,875	—	—
Less Reserve for Bad Debts . . .			
Investments (on account of Sinking Fund, etc., as <i>per contra</i> ) . . .	8,000	—	—
Add Interest accrued . . .	280	—	—
Cash on Deposit at Bank . . .	12,000	—	—
Cash Current Account at Bank . . .	3,000	—	—
Cash in hand . . .	150	—	—
	£127,470	2	6

## EXERCISE XV (C)—No. 12.

## LEDGER

## P's CAPITAL ACCOUNT

(Credit Side)

## P's DRAWINGS ACCOUNT

(Credit Side)

19..		£	s.	d.	19..		£	s.	d.
Mar. 31	By Balance . . .	6,500	—	—	Mar. 31	By Balance . . .	750	—	—
Sept. 30	„ Interest . . . (5% for 2 mos.)	54	3	4	Sept. 30	„ Proportion of Profit Due ( $\frac{1}{2}$ of £750)	250	—	—
					„ 30	„ Interest . . . (5% for 2 mos. on £1,000)	8	6	8

## EXERCISE XV (C)—No. 13.

## JOURNAL

## OPENING ENTRIES

19..		£	s.	d.	£	s.	d.
Jan. 1	Leasehold Premises . . . . .	2,000	—	—			
	Fittings, etc. . . . .	480	—	—			
	Stock . . . . .	4,600	—	—			
	Book Debts . . . . .	800	—	—			
	Cash . . . . .	50	—	—			
	To Sundry Creditors . . . . .				1,500	—	—
	„ Bank Overdraft . . . . .				2,950	—	—
	„ A's Capital . . . . .				3,480	—	—
		£7,930	—	—	£7,930	—	—
	Cash . . . . .	4,000	—	—			
	To B's Capital Account . . . . .				3,000	—	—
	„ A's Capital Account (For pre- mium paid by B for share of goodwill.)				1,000	—	—

## EXERCISE XV (C)—No. 14.

## JOURNAL OF MESSRS. AMBROSE &amp; CO. (NEW)

19..		£	s.	d.	£	s.	d.
Jan. 1	Business Purchase Account . . . . .	37,500	—	—	37,500	—	—
	To Vendors' Account . . . . .						
	For purchase of business as per agreement dated 1st Jan.						
" 1	Sundry Debtors . . . . .	6,000	—	—			
	Bills Receivable . . . . .	600	—	—			
	Land and Buildings . . . . .	10,000	—	—			
	Plant and Machinery . . . . .	7,000	—	—			
	Horses and Vehicles . . . . .	500	—	—			
	Stock . . . . .	8,000	—	—			
	Work in Progress . . . . .	2,000	—	—			
	Goodwill . . . . .	11,000	—	—			
	To Business Purchase Account.				45,100	—	—
	Sundry Assets acquired as per agreement dated 1st Jan.						
" 1	Business Purchase Account . . . . .	7,600	—	—			
	To Sundry Creditors . . . . .				5,000	—	—
	„ Bad Debts Reserve . . . . .				100	—	—
	„ Bills Payable . . . . .				2,500	—	—
	Sundry Liabilities as per agree- ment.						
	Vendors' Account . . . . .	37,500	—	—			
	To Share Capital Account . . . . .				32,500	—	—
	„ Cash . . . . .				5,000	—	—
	32,500 shares allotted and balance in cash as payment of purchase price of business.						
	Sundry Shareholders . . . . .	10,000	—	—			
	To Share Capital Account . . . . .				10,000	—	—
	For issue of 10,000 shares of £1 each.						
	Cash . . . . .	10,000	—	—			
	To Sundry Shareholders . . . . .				10,000	—	—
	For sums received						
		£147,700	—	—	£147,700	—	—

EXERCISE XV (C)—No. 14 (*contd.*).

MESSRS. AMBROSE &amp; Co., LTD.

BALANCE SHEET AS AT 31ST JANUARY, 19 .

CAPITAL AND LIABILITIES.				PROPERTY AND ASSETS.			
	£	s.	d.		£	s.	d.
<i>Nominal Capital—</i>				Land & Buildings . . .			10,000
50,000 Shares of				Plant & Machinery . .			7,000
£1 each . . . .	50,000	—	—	Horses & Vehicles . .			500
				Goodwill . . . . .			11,000
<i>Issued Capital—</i>				Stock . . . . .			8,000
42,500 Shares of	42,500	—	—	Work in Progress . .			2,000
£1 each, fully pd.				Sundry Debtors . . .	6,000	—	—
Bills Payable . .	2,500	—	—	Less Bad Debts			
Sundry Creditors .	5,000	—	—	Reserve . . . . .	100	—	—
							5,900
				Bills Receivable . .			600
				Bank . . . . .			5,000
	£ 50,000	—	—				£ 50,000

## EXERCISE XV (C)—No. 15. JOURNAL

19..		£	s.	d.	£	s.	d.
	Business Purchase Account . .	80,000	—	—			
	To Vendor's Account . . . .				80,000	—	—
	Land and Buildings . . . . .	35,000	—	—			
	Stock, etc. . . . .	15,000	—	—			
	Machinery and Plant . . . .	20,000	—	—			
	Goodwill . . . . .	10,000	—	—			
	To Business Purchase Account.				80,000	—	—
	Vendors' Account . . . . .	10,000	—	—			
	To Share Capital Account . .				10,000	—	—
	For 10,000 shares issued to him as part payment.						
	Application A/c (2/6 per share) .	12,500	—	—			
	Allotment A/c (2/6 per share) .	12,500	—	—			
	First Call (5/- per share) . .	25,000	—	—			
	Final Call (10/- per share) . .	50,000	—	—			
	To Share Capital A/c . . . .				100,000	—	—
	Application A/c . . . . .	1,250	—	—			
	To Allotment A/c . . . . .				1,250	—	—
	For transfer of 10,000 2/6's over- subscribed.						
	Cash A/c . . . . .	97,000	—	—			
	To Application A/c . . . . .				13,750	—	—
	„ Allotment A/c . . . . .				11,250	—	—
	„ First Call . . . . .				24,000	—	—
	„ Final Call . . . . .				48,000	—	—
		£368,250	—	—	£368,250	—	—

Calls in arrears would appear in the Balance Sheet as a deduction from Issued Capital.

THE SILVER ORE CO., LTD.

Dr.		TRADING ACCOUNT FOR THE YEAR ENDED 1st APRIL, 19..		Cr.	
		£	s. d.	£	s. d.
To Wages of Miners	.	6,900	—		
" Royalties	.	1,900	—	By Sales of Silver	.
" Coal	.	450	—	" Sales of Coal	.
" Oil	.	200	—	" Stock (Silver), 1st April	.
" Balance, Gross Profit c/d	.	10,900	—		
		£ 19,450	—		
				17,000	
				950	
				1,500	
				19,450	

(i)

[illegible]

THE SILVER ORE CO., LTD.

CAPITAL AND LIABILITIES.		PROPERTY AND ASSETS.	
<i>Nominal Capital</i> —		Land	
30,000 5% Preference Shares of £1 each.	30,000	Crushing Plant and Machinery.	4,000
30,000 Ordinary Shares of £1 each.	30,000	Add Carriage on above	180
	£ 60,000	Less Depreciation	4,180
			600
	21,900	Light Railway	1,200
	30,000	Less Depreciation	180
	51,900	Wagons	1,020
	75	Cost of Sinking Mine	400
	547 10	Erection of Shed	2,000
	27 9 4	Office Furniture	1,500
		Loose Tools	150
	5,989 17 6	Stock of Silver	300
		2,000 Shares in Rosario Tin Mines	1,500
		Cash on Deposit (including Interest accrued)	8,100
		Cash at Bank	8,966 15
		Cash in hand	10,550
		Expenses of Promotion	53 1 10
		Less ½ written off	400
	£ 58,519 16 10		£ 58,519 16 10

## APPROPRIATION ACCOUNT

	£	s.	d.	£	s.	d.
To Interim Dividend on Preference Shares paid 2nd Oct., less Tax . . . . .	521	18	2			
" Income Tax on above . . . . .	27	9	4			
" Preference Share Dividend accrued . . . . .				549	7	6
" Balance to Balance Sheet . . . . .				547	10	6
				5,989	17	6
				£7,066	15	—

THE PLEASANT HOTEL CO., LTD.

Dr. REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19., Cr.

	£	s.	d.	£	s.	d.
<b>To Stocks, 1st Jan.—</b>						
Beer, Wines, Spirits, etc.	2,128	—	—			
Provisions	320	—	—			
			2,448			
<b>Purchases—</b>						
Beer, Wines, Spirits, etc.	5,450	—	—			
Provisions	4,580	—	—			
			10,030			
<b>Wages and Salaries (including £128 due)</b>	5,358	—	—			
" Rates, Taxes, Insurance, etc.	1,890	—	—			
" Laundry	313	—	—			
" Coals	129	—	—			
" Carriage and Portage	236	—	—			
" Sundry Trade Expenses	584	—	—			
" Advertising	11	—	—			
" Repairs	203	—	—			
<b>Depreciation—</b>						
" Furniture and Fittings (5% of £3,671)	183	11	—			
" Debtenture Interest paid	706	5	—			
" Add Debtenture Interest due	141	5	—			
			847	10	—	
			3,220	19	—	
<b>" Balance, Net Profit to Appropriation Account</b>						
			£ 25,919			

Dr.	PROPOSED APPROPRIATION ACCOUNT	Cr.
-----	--------------------------------	-----

		$\pounds$	$d.$		$\pounds$	$d.$
To Interim Dividend on Preference Shares	.	200	2	By Balance, 1st Jan.	1,510	—
" Final Dividend on Preference Shares	.	200	2	" Profit and Loss Account (current year's profit)	3,220	19
" Dividends on Ordinary Shares	.	900	—			
" Dividends on Deferred Shares	.	500	—			
" Balance to Balance Sheet	.	2,930	14			
		<u>£4,730</u>	<u>19</u>		<u>£4,730</u>	<u>19</u>



THE PLEASANT HOTEL CO., LTD.

BALANCE SHEET AS AT 31ST DECEMBER, 19..:

CAPITAL AND LIABILITIES.		£	s.	d.	£	s.	d.
<i>Nominal Capital—</i>					35,000	—	—
10,000 5% Cumulative Preference Shares of £1 each . . .		10,000	—	—	2,112	—	—
10,000 Ordinary Shares of £1 each . . .		10,000	—	—	3,671	—	—
5,000 Deferred Ordinary Shares of £1 each . . .		5,000	—	—	183	11	—
		£ 25,000	—	—			
<i>Issued Capital—</i>					2,520	—	—
8,500 Cumulative Preference Shares, fully paid . . .		8,500	—	—	164	—	—
9,000 Ordinary Shares, fully paid . . .		9,000	—	—			
5,000 Deferred Ordinary Shares (issued to Vendors as fully paid)		5,000	—	—			
		22,500	—	—			
200 4½% Debentures of £100 each . . .		20,000	—	—			
Debiture Interest accrued . . .		141	5	—			
Reserve Fund . . .		5,000	—	—			
Bank Overdraft . . .		2,212	—	—			
Sundry Creditors . . .		4,980	—	—			
Outstanding Wages and Salaries . . .		128	—	—			
<i>Profit and Loss Account—</i>							
Balance available for Distribution of proposed dividends as per Appropriation Account . . .		4,530	16	11			
		£ 59,492	1	11			
					59,492	1	11

EXERCISE XV (C)—No. 18.

THE "WEEKLY BANNER," LTD.

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 19..

Cr.

Dr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Paper, Ink, etc.	4,845	13	—				4,387	13	3
" Wages	95	16	4				359	2	4
Add Amount owing.				2,960	13	8			
				4,941	9	4			
Discounts Allowed				103	11	1	4,008	10	11
" Trade Expenses.				170	6	10	642	6	2
" Bad Debts.				90	17	6	84	1	7
" Advertisements in other Papers				76	7	4	12	15	3
" Fuel, etc.				157	2	4			
" Repairs.				206	16	5	6,869	18	7
" Rent of Branches, Rates, and Taxes				129	8	8	275	17	3
" Correspondence fees.				368	2	4			
" Printing and Stationery	78	8	11	108	15	6			
" Telephone.	25	—	—						
Less Amount prepaid				53	8	11			
				225	16	9			
Billposting and Carriage				48	10	—			
" Insurance.				187	12	2			
" Postage and Telegrams				195	16	10			
" Travelling Expenses				50	—	—			
" Bad Debts Reserve (amount provided).				150	—	—			
Reserve for Estimated Costs in Libel Action.									
Depreciation—									
Plant, etc. (7½% of £9,000)	675	—	—						
Furniture (5% of £120)	6	—	—						
Plant, New (7½% of £400 for 6 mos.)	15	—	—						
				696	—	—			
				1,158	3	10			
Balance, c/d				£ 12,078	19	6	£		
							12,078	19	6
To Manager's Commission (5% of £1,158/3/10)				57	18	2			
Loss in Value of Consols				304	—	4	123	11	11
" Shares in "Yellow Press"—No value				2	—	—	41	3	11
" Balance, Ner Profit				1,084	7	2			
				£1,448	5	8			
							£1,448	5	8



EXERCISE XV (D)—No. 1.

THE LOAMSHIRE MANUFACTURING CO., LTD.

Dr. MANUFACTURING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19.. Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st July				18,527	—	—	By Sales		
" Purchases	42,345	—	—				Less Returns Inward	76,529	
Less Returns Outward	423	—	—					927	
Carriage Inwards				41,922	—	—	" Stock, 30th June		
" Factory Wages (incl. £325 unpaid)				625	—	—			
" Factory Heating, Lighting, etc.				13,568	—	—			75,602
" Factory Insurance (less £48 prepaid)				3,422	—	—			21,342
" Depreciation of Loose Tools				977	—	—			
" Balance, gross Profit c/d				15	—	—			
				18,188	—	—			
				£ 96,944	—	—			£ 96,944
By Rates, Taxes, and Insurance (Office) less £16 prepaid				119	—	—	By Manufacturing Account, GROSS Profit b/d		18,188
" Office Salaries and Directors' Fees (incl. £127 owing)				6,548	—	—	" Rent Sub-let (incl. Quarter owing)		200
" Discount				982	—	—	" Dividends on Investments		500
" Carriage Outwards				1,216	—	—	" Bad Debts Reserve, 1st July	250	
" Repairs to Premises				145	—	—	Less Amount required for current year	216	
" Heating, Lighting, etc. (Office)				626	—	—			34
" Depreciation of Plant and Machinery (10% of £19,580)				1,958	—	—			
" Balance, NET Profit				7,328	—	—			
				£ 18,922	—	—			£ 18,922

THE LOAMSHIRE MANUFACTURING CO., LTD.

BALANCE SHEET AS AT 30TH JUNE, 19..

CAPITAL AND LIABILITIES	£	s.	d.	£	s.	d.
<i>Nominal Capital—</i>						
50,000 Ordinary Shares of £1 each . . . . .	50,000	—	—			
20,000 6% Preference Shares of £1 each . . . . .	20,000	—	—			
	70,000	—	—			
<i>Issued Capital—</i>						
50,000 Ordinary Shares of £1 each, fully paid . . . . .				50,000	—	—
20,000 6% Preference Shares of £1 each, fully called . . . . .	20,000	—	—			
Less Calls in Arrear . . . . .	200	—	—			
				19,800	—	—
Salaries Owning . . . . .				127	—	—
Wages Owning . . . . .				325	—	—
Sundry Creditors . . . . .				6,728	—	—
<i>Profit and Loss Account—</i>						
Balance, 1st July . . . . .	4,825	—	—			
Add Current Year's Profit . . . . .	7,328	—	—			
				12,153	—	—
				89,133	—	—
						£

JOHN STEPHENS & CO., LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

<i>Dr.</i>	<i>£</i>	<i>s.</i>	<i>d.</i>	<i>£</i>	<i>s.</i>	<i>d.</i>	<i>By Sales</i>	<i>£</i>	<i>s.</i>	<i>d.</i>	<i>Cr.</i>
To Purchases	.	.	.	49,793	4	10	.	.	.	.	
" Wages	.	.	.	20,921	11	8	.	.	.	.	
" Royalties	.	.	.	294	8	11	.	.	.	.	
" Balance, Gross Profit c/d	.	.	.	16,515	-	8	.	.	.	.	
				<i>£</i> 87,524	6	1					
							By Stock, 31st Dec.	84,326	10	1	
								3,197	16	-	
								<i>£</i> 87,524	6	1	

## APPROPRIATION ACCOUNT

<i>Dr.</i>	APPROPRIATION ACCOUNT				<i>Cr.</i>
	<i>£</i>	<i>s. d.</i>	<i>£</i>	<i>s. d.</i>	
To Interim Dividend paid 1st Oct. (less Tax)					
" Dividend for Final Quarter to 31st Dec.					
" Balance to Balance Sheet :					
	<i>£</i>	<i>s. d.</i>	<i>£</i>	<i>s. d.</i>	
	1,073	8 9	By Profit and Loss Account .		
	375	—			
	1,600	9 8			
	<u>£3,048</u>	<u>18 5</u>			
					<u>£3,048 18 5</u>

EXERCISE XV (D)—No. 2 (contd.).

JOHN STEPHENS & CO., LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

Dr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Interest . . . . .	190	16	8						
" Interest on Mortgage to 30th June	200	—	—						
" Add Interest due to 31st Dec. .									
By Trading Account b/d				408	—	—			
" Rents of Cottages . . . . .				390	16	8			
" Transfer Fees . . . . .				350	—	—			
Directors' Fees . . . . .				1,530	—	—			
Management and Office Salaries .				12	4	8			
Chief Rents . . . . .				6,772	6	2			
Trade Expenses . . . . .									
" Depreciation—									
Office Furniture (7½% of £412½)	30	18	9						
Patents (½% of £3,000)	250	—	—						
Plant and Machinery . . . . .	1,733	16	—						
(6% of £28,896/14/-)									
Land and Buildings . . . . .	440	—	—						
(2½% of £17,600)									
Goodwill (10% of £10,526/5/4).	1,052	12	6						
Formation Expenses . . . . .	599	9	6						
(25% of £2,397/18/2)									
Balance, Ner Profit c/d . . . . .				4,106	16	9			
				3,048	18	5			
				£16,619	2	8			
							£16,619	2	8





EXERCISE XV (D)---No. 3.

JOHN BOLTON & CO., LTD.

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

[illegible]

## APPROPRIATION ACCOUNT

	£	s.	d.	£	s.	d.
To Bonus to Departmental Managers (5% of £6,060)						
Ordinary Share Dividend, paid 14th Feb.				303		3,288
" Balance to Balance Sheet				1,875		6,060
				7,168		
				£9,346		£9,346

EXERCISE XV (D)—No. 3 (contd.).

JOHN BOLTON & CO., LTD.

BALANCE SHEET AS AT 31st DECEMBER, 19..

CAPITAL AND LIABILITIES.		PROPERTY AND ASSETS.	
<i>Nominal Capital</i> —		Freehold Land and Buildings	
75,000 Ordinary Shares of £1 each	£ 75,000	Machinery and Plant	£ 17,800
	s. d.	Less Depreciation	1,780
<i>Issued Capital</i> —			
50,000 Ordinary Shares of £1 each	£ 37,500	Patents	1,200
15/- per share called up	125	Less Depreciation	180
Add Calls in Advance	37,625	Stock.	20,140
	s. d.	Sundry Debtors	1,007
Less Calls in Arrears	250	Less Bad Debts Reserve	3,104
		Cash at Bank	60
<i>Debentures Issued</i> —		" in hand	
100 Bonds of £100 each	10,000	Insurance unexpired (Fire)	
Reserve Fund	6,800		
Sundry Creditors	11,861		
Bonus to Departmental Managers	303		
<i>Profit and Loss Account</i> —			
Balance available for distribution.	7,168		
	£ 73,507		£ 73,507

EXERCISE XV (D)—No. 4.

THE YORKSHIRE TWEED CO., LTD.

Dr. TRADING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19.. Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st Jan..	.	.	6	3,519	4	6			
Materials Consumed :	.	.	7	18,469	15	7	By Sales	.	.
" Dyeing and Finishing	.	.	6	1,216	3	6	" Stock, 31st Dec.	.	.
" Carriage	.	.	10	533	1	10			
" Wages	.	.	9	8,437	16	9			
" Motive Power	.	.	8	691	7	8			
" Balance, Gross Profit c/d	.	.	2	2,939	4	2			
				£ 35,806	14	—	£ 35,806	14	—

EXERCISE XV (D)—No. 4 (contd.).

THE YORKSHIRE TWEED CO., LTD.

Dr. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Mechanics' and Joiners' Wages				142	1	9			
" Trade Expenses				195	12	4			
" Less Amount for Telephone				7	10	—			
" Rates, Gas, and Insurance				203	9	6			
" Add Rates owing				10	—	—			
Less Insurance unexpired				213	9	6			
" Repairs				20	—	—			
" Debenture Interest to 30th June				40	—	—			
" Add Amount due to 31st Dec.				40	—	—			
" Commission									
" Bank Charges									
" Discounts Allowed				519	11	8			
" Discount Reserve on Debtors				32	11	1			
" (3% of £8,000/9 less £200)				511	15	8			
" Bad Debts Reserve (amount provided £200)				174	—	—			
" Depreciation				83	10	9			
" Cards, Bobbins, etc. (25% of £900)									
" Engines and Rollers, etc. (10% of £500)				225	—	—			
" Machinery (7½% of £4,000)				300	—	—			
" Depreciation									
" Cards, Bobbins, etc. (25% of £300 for ½ yr.)				37	10	—			
" Machinery (7½% of £200 for ½ yr.)				7	10	—			
" Balance, Net Profit c/d									
				£3,551	4	5			

	£	s.	d.	£	s.	d.	£	s.	d.
To Balance, 1st Jan.									
" Interim Dividend paid to 30th June				90	—	—			
" Dividend provided to 31st Dec.				90	—	—			
" Managing Director's Bonus (10% of £829/7/6)									
" Balance to Balance Sheet									
				£829	7	6			



EXERCISE XV (D)—No. 5.

THE OIL AND GAS MOTOR CO., LTD.

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st Jan. . . . .				9,000			By Sales . . . . .		40,000
" Purchases . . . . .				19,000			" Stock at 31st Dec. . . . .		9,500
" Wages (Manufacturing) . . . . .				11,800			" Loose Tools . . . . .		2,300
" Royalties . . . . .				200					
" Erecting and Fitting Cars . . . . .				2,400					
" Coal, Coke, Gas, and Water . . . . .				450					
" Loose Tools, 1st Jan. . . . .				2,500					
" Balance, Gross Profit c/d . . . . .				6,450					
				£ 51,800					£ 51,800
To Repairs, Renewal, and Maintnace.				800			By Trading Account b/d . . . . .		6,450
" Printing, Advertising & Statnry.				250					
" Travelling and Commission . . . . .				1,400					
" General Expenses . . . . .				450					
" Directors' Fees . . . . .				100					
" Interest on Debentures . . . . .				900					
" Bank Interest and Commission . . . . .				70					
" Legal and Accountancy Charges . . . . .				150					
" Rent, Rates, Taxes & Insurance . . . . .				260					
" Bad Debts Reserve, etc. . . . .	630								
" Less Old Reserve . . . . .	200								
				430					
Depreciation—									
" Office Furniture (5% of £400) . . . . .	20								
" Patents (10% of £1,000) . . . . .	100								
" Patterns (10% of £3,300) . . . . .	330								
" Machinery and Plant . . . . .	440								
" (5% of £8,800) . . . . .									
" Land and Buildings . . . . .	150								
" (3% of £5,000) . . . . .									
" Balance, NET Profit . . . . .				1,040					
				600					
				£ 6,450					£ 6,450

THE OIL AND GAS MOTOR CO., LTD.  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

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EXERCISE XV (D)—No. 6.

Dr.

A & B's JOINT VENTURE ACCOUNT

Cr.

Due Date.	Particulars.	Days.	Pro-ducts.	Amount.	Due Date.	Particulars.	Days.	Pro-ducts.	Amount.	s.	d.
19.. 3	To Dock Dues .	A	£ 178	1,780	19.. 1	By Currents	B	£ 69,732	468	—	—
Jan. 30	" Salmon .	A	151	27,180	Feb. 8	(2½% of £12)					
" 2	" Currents .	B	148	58,904	Mar. 7	" Salmon	A	115	11,385	98	15
	(5% of £113/4)					(1¼% of £115/-)					
Apr. 2	" Freight .	B	89	445	Apr. 21	" Almonds	A	70	5,460	78	—
" 6	" Railway Dues .	B	85	340	May 1	" Figs .	B	60	5,700	95	—
Mar. 17	" Almonds .	A		200	" 3	" Salmon	A	58	1,740	30	—
Apr. 11	" Figs .	B		100	" 15	" Almonds	A	46	4,140	90	—
June 30	" Bal. of Products .			9,508	Mar. 12	" Salmon	A		40	—	—
					Apr. 21	" Almonds	A		35	—	—
" 30	" Balance c/d .			98,157	June 30	" Int. ( $\frac{9.508}{7,000} \times \frac{1}{2}\%$ )		98,157	1	6	—
				£936					£936	1	—
" 30	To A's Share of Profit on Venture .			19	" 30	By Balance b/d			38	14	4
" 30	" B's Share of Profit on Venture .			19							
				£38					£38	14	4



EXERCISE XV (D)—No. 6 (contd.).

Dr.

JOINT VENTURE IN A'S BOOKS

Cr.

Due Date.	Particulars.	Days.	Pro-ducts.	Amount.	Due Date.	Particulars.	Days.	Pro-ducts.	Amount.
19.. 3	To Dock Dues			£ 10	19.. 7	By Salmon		£ 11,385	£ 98
Jan. 30	" Salmon	178	1,780	180	Mar. 21	" Almonds	70	5,460	78
Mar. 17	" Almonds	151	27,180	200	Apr. 3	" Salmon	58	1,740	30
June 30	" Balance of Interest			17 1	" 15	" Almonds	46	4,140	90
" 30	" Share of Profit on Venture.			19 7 2	Mar. 12	" Salmon			40
					Apr. 21	" Almonds		6,235	35
					June 30	" Balance of Products			38
					" 30	" Balance due from B			9 3
								£ 28,960	£ 410
									4 3

EXERCISE XV (D)—No. 6 (contd.).

Dr.

JOINT VENTURE IN B'S BOOKS

Cr.

Due Date.	Particulars.	Days.	Pro-ducts.	Amount.	Due Date.	Particulars.	Days.	Pro-ducts.	Amount.	s.	d.
19.. 2	To Currents . . .	148	58,904	£ 398	19.. 1	By Currents . . .	149	69,732	£ 468		
Feb. 2	" Freight . . .	89	445	5	Feb. 8	" Figs . . .	60	5,700	95		
Apr. 6	" Railway Dues . . .	85	340	4	May 1	" Balance of Interest . . .			2		
" 1	" Figs . . .			100	June 30						
" 30	" Balance of Products . . .		15,743								
" 30	" Share of Profit on Venture. . .			19 7 2							
" 30	" Balance Due to A . . .			38 9 3							
				£ 565 3 1				£ 75,432	£ 565	3	1

**EXERCISE XV (D)—No. 7.**

The manufacturer's LEDGER should be divided into four main divisions, i.e.—

- |                             |              |
|-----------------------------|--------------|
| (1) Purchases, or CREDITORS | (3) General. |
| (2) Sales, or DEBTORS       | (4) Private. |

¶ In order to separately agree Personal Accounts it would be necessary to introduce Adjustment Accounts for each of the Personal Ledgers

It will greatly facilitate the compilation of the Adjustment Accounts if the subsidiary books are appropriately analysed, as is the Bank Cash Book illustrated on pages 290 and 291 of *Advanced Accounts*.

**EXERCISE XV (D)—No. 8**

- (1)  $\frac{£\ 333\cdot3}{£1333\cdot3} \times \frac{100}{1}$  gives 25% Gross Profit.
- (2)  $\frac{£195\cdot825}{£783\cdot300} \times \frac{100}{1}$  gives 25% Gross Profit.

**EXERCISE XV (D)—No. 9.****SYSTEM OF BOOK-KEEPING FOR MANUFACTURER**

The manufacturer would require the books enumerated below—

- |                              |                                |
|------------------------------|--------------------------------|
| (a) Purchases                | (g) Petty Cash Book (analysis) |
| (b) Sales                    | (h) Bank Cash Book.            |
| (c) Purchases Ledger.        | (i) Bills Payable Book.        |
| (d) Sales Ledger             | (j) General Ledger.            |
| (e) Wages Book.              | (k) Journal.                   |
| (f) Expenses Book (analysis) | (l) Bills Receivable           |

The manufacturer must exercise sedulous care that the posting from the subsidiary books shall conform to the double entry principle of a DEBIT entry being offset by a CREDIT entry for equivalent values.

It would be necessary when indorsing a bill of exchange to make a Journal entry as follows—

Customer	.	.	.	.	Dr
To Bills Receivable	.	.	.	.	Cr.

EXERCISE XV (D)—No 10.

Dr. INCOME AND EXPENDITURE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

EXPENDITURE.		INCOME.	
£	s. d.	£	s. d.
To Expenses (including Rent for year)	900	By Entrance Fees	73 10
" Renewals	91	" Subscriptions	1,050
" Interest	20	" Subscriptions Due	21
" Treasurer's Fee	20	" Gain on Entrance Fees, etc.	1
" Loss on Subscriptions	8	(£10/10/- received for £9/9/)	
" Capital Expenditure W/o	250	" Green Fees	120
" Balance, Surplus of Income over Expenditure.	71	" Locker Rents	35
		" Gain on Liabilities (£60 estimated at £70)	10
		" Profit on Sales of Refreshments, etc.	50
	£1,360 11		£1,360 11

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.		ASSETS.	
£	s. d.	£	s. d.
Rent Due	100	Cash	124 18
Fees Paid in Advance	52 10	Stock	150
Loan Account	520	Subscriptions Due from Members	12 12
Capital Account—		Capital Expenditure, 1st Jan.	1,000
Balance, 1st Jan.	494	Add Current Year's Expenditure	200
Add Surplus from Current Year	71		1,200
		Less Amount written off	250
			950
	£1,237 10		£1,237 10

## Dr

Cy.

	£	s.	d.
To Sundry Assets	16,000	—	—
" Cash (Expenses)	470	—	—
	16,470	—	—
	£		

	£	s.	d.
By A, Freehold Property	2,242	10	—
" B (Stock, 90%)	747	10	—
" Cash			
(Sundry Debtors, 86%)			
" Balance— <i>Loss on Realization</i>			
A's Share, $\frac{3}{4}$			
B's Share, $\frac{1}{4}$			
	16,470	—	—
	£		

## Cr.

[illegible]

# EXERCISE XV (D)—No 11 (cont'd)

A's CAPITAL ACCOUNT				Cr.	
Dr.				£	s. d.
19..	To Freehold . . . on	19..	By Balance . . .	9,000	—
	„ Share of Loss on		„ Share of Reserve . . .	900	—
	„ Realization . . .		„ Loan Account . . .	2,000	—
			„ Cash . . .	342	10
				£ 12,242	10

B's CAPITAL ACCOUNT				Cr.	
Dr.				£	s. d.
19..	To Stock . . . on	19..	By Balance . . .	3,000	—
	„ Share of Loss on		„ Share of Reserve . . .	300	—
	„ Realization . . .				
	„ Cash . . .			£ 3,300	—

## EXERCISE XV (D)—No. 12.

A TRADING ACCOUNT deals with purchasing and manufacturing expenses.  
A PROFIT AND LOSS ACCOUNT deals with selling distribution, and administration expenses.

### POSITION OF ITEMS IN ACCOUNTS

TRADING		PROFIT AND LOSS	
Purchases	Returns	Depreciation	Commission
Carriage and Freight	Packages	Debiture Interest	Advertising
Wages	Fuel	Allowances	Discounts
Stocks on hand	Sales (being Turnover)	Bad Debts	Directors' Fees
All deal with expenses of manufacture, or are directly related to Trading.		All are expenses of selling, distribution, or administration.	

EXERCISE XV (D)—No. 13.

THE SPEEDY MOTOR CAB CO., LTD.

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

	£	s.	d.		£	s.	d.
To Stock, 1st. Jan.	1,305	8	7	By Cab Earnings	18,697	19	5
" Tyres	4,906	3	11	Add Cab Earnings Due from Driver	171	8	3
" Rent of Taximeters	465	10	—	Stock, 31st Dec	—	—	—
" Licences	312	8	—				
" Training of Drivers	103	5	4				
" Petrol	874	8	6				
" Balance, Gross Profit c/d	12,388	14	1				
	£	20,355	18	5			
To Salaries	1,187	10	3	By Trading Account	12,388	14	1
" Insurance	1,521	8	—				
Less Amount Paid in Advance	170	1	6				
General Expenses	1,351	6	6				
" Washing and Cleaning Cabs, etc.	278	9	—				
" Repairs	2,606	8	2				
" Rent, Rates, and Taxes	1,810	12	5				
" Add for Rates owing	953	8	7				
	18	7	6				
Lighting	971	16	1				
Directors' Fees	189	5	4				
Preliminary Expenses (A of £458/9/6 W/o)	250	—	—				
Legal Expenses and Audit Fee	152	16	6				
Addition to Reserve for Renewals	102	5	3				
Depreciation—	500	—	—				
Plant and Machinery (10% of £1,451/9/—)	145	2	11				
Fixtures (10% of £1,126/17/—)	112	13	8				
Tools (5% of £28,000)	1,400	—	—				
Balance, Net Profit	1,657	16	7				
	1,330	8	—				
	£	12,388	14	1			

EXERCISE XV (D)—No. 13 (contd.).

THE SPEEDY MOTOR CAB CO., LTD.  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.		£		s.	d.	£	s.	d.	£	s.	d.
<i>Nominal Capital—</i>		10,000	—	—	—	10,000	—	—	1,451	9	—
10,000 Ordinary Shares of £1 each		20,000	—	—	—	20,000	—	—	145	2	11
20,000 6% Preference Shares of £1 each		30,000	—	—	—	30,000	—	—	1,126	17	—
									112	13	8
									28,000	—	—
									1,400	—	—
<i>Issued Capital—</i>						10,000	—	—			26,600
10,000 Ordinary Shares of £1 each paid up		18,267	—	—	—						1,486
18,267 6% Preference Shares of £1 each, fully called		8	10	—	—						89
Less Calls in Arrears						18,258	10	—			171
Bank Overdraft						603	5	4			8
Sundry Creditors		500	—	—	—	710	2	—			3
Reserve for Renewals		500	—	—	—				458	9	6
Add Transfer from Profit and Loss						1,000	—	—	152	16	6
Rates Outstanding						18	7	6			
Profit and Loss Account—		1,330	8	—	—						
Current Year's Profit		748	3	5	—						
Less Balance (Loss), 1st Jan.						582	4	7			
						31,172	9	5			
						£			£		31,172
											9
											5



## EXERCISE XV (D)—No. 14.

## JOURNAL

19..		£	s.	d.	£	s.	d.
	Business Purchase Account . . .	40,000	—	—			
	To Vendors . . .				40,000	—	—
	For purchase price of business.						
	Vendor's Account . . .	40,000	—	—			
	To Share Capital Account . . .				40,000	—	—
	For issue of 4,000 shares of £10 each as fully paid to vendors as payment of purchase price of business.						
	Property Account . . .	20,000	—	—			
	To Share Capital . . .				20,000	—	—
	For issue of 2,000 shares of £10, as fully paid, to sundry persons for purchases of property.						
	Sundry Shareholders/or Calls A/c . . .	40,000	—	—			
	To Share Capital . . .				40,000	—	—
	For £5 called up on 8,000 shares.						
	Share Capital Account . . .	3,750	—	—			
	To Forfeited Shares Account . . .				2,000	—	—
	„ Calls Account . . .				1,750	—	—
	For 750 shares of £10 each, £5 having been called, forfeited for non-payment of sums due thereon, as per Resolution No.....						
		£143,750	—	—	£143,750	—	—

CASH BOOK  
(DEBIT SIDE)

		Details.			Bank.		
19..		£	s.	d.	£	s.	d.
	To Calls Account as under—						
	6,000 @ £5 per share . . .	30,000	—	—			
	1,250 @ £4 per share . . .	5,000	—	—			
	500 @ £3 per share . . .	1,500	—	—			
	250 @ £2 per share . . .	500	—	—			
					37,000	—	—
					£37,000	—	—



## EXERCISE XV (D)—No. 15.

## JOURNAL OF THE RICHMOND CO., LTD.

19..		£	s.	d.	£	s.	d.
	Application Account . . . .	25,000	—	—			
	Allotment Account . . . .	25,000	—	—			
	First Call Account . . . .	25,000	—	—			
	Final Call Account . . . .	25,000	—	—			
	To Share Capital Account				100,000	—	—
	£1 per share on 100,000 shares						
	fully called by four equal instal-						
	ments of 5/- each.						
Jan. ..	Bank Account . . . .	99,750	—	—			
	To Application Account . . . .				25,000	—	—
	„ Allotment Account . . . .				25,000	—	—
	„ First Call Account . . . .				25,000	—	—
	„ Final Call Account . . . .				24,750	—	—
	Sums received from shareholders.						
Feb. 12	Share Capital Account . . . .	1,000	—	—			
	To Forfeited Shares Account . . . .				750	—	—
	„ Final Call Account . . . .				250	—	—
	1,000 shares of £1 each forfeited,						
	for non-payment of Final Call,						
	as per Resolution No.....						
May 1	Capt. Hayward . . . .	500	—	—			
	Forfeited Shares Account . . . .	500	—	—			
	To Share Capital Account				1,000	—	—
	Re-issue of 1,000 shares of £1 each						
	at par, in consideration of £500,						
	as per Resolution No.....						
	Bank Account . . . .	500	—	—			
	To Capt. Hayward . . . .				500	—	—
	Sum received on re-issue of						
	forfeited shares.						
		£202,250	—	—	£202,250	—	—



## EXERCISE XV (D)—No. 17.

## THE GOLDEN HILL CO., LTD.

PROFIT AND LOSS APPROPRIATION ACCOUNT,  
1ST FEBRUARY, 19..

PROFIT AND LOSS APPROPRIATION ACCOUNT, 1ST FEBRUARY, 19..													
Dr.				Cr.									
				£	s.	d.							
To Reserve Fund	.	.	.	3,600	—	—	By Profit and Loss Account	.	.	.	18,000	—	—
" Preference Share Dividend	.	.	.	5,000	—	—							
" Ordinary Share Dividend	.	.	.	7,500	—	—							
" Balance c/d	.	.	.	1,900	—	—							
				£	18,000	—					£	18,000	—

## DIVIDEND ACCOUNT (1ST FEBRUARY, 19..)

	£	s.	d.		£	s.	d.
To Preference Shareholders . . . . .	3,750	-	-	By Profit and Loss Appropriation			
" Ordinary Shareholders . . . . .	7,500	-	-	Account . . . . .	12,500	-	-
" Income Tax . . . . .	1,250	-	-				
	£12,500	-	-		£12,500	-	-

## INCOME TAX ACCOUNT

				19..		£	s.	d.
				Feb. 1	By Dividend Account	1,250	-	-

## RESERVE FUND ACCOUNT

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

## EXERCISE XV (D)—No. 18.

Profits prior to incorporation may be ascertained by—

- (a) Stock-taking; or  
(b) On the basis of the First Year's Trading.

When such profit has been ascertained the portion to capitalize (being profit prior to incorporation) is calculated according to what fraction the "time" or "turnover" up to date of incorporation is of the full year or total turnover of the year, as the case may be.

The £8,000 profit will be apportioned as follows—

- (a) *On Basis of Time.*

As the period to 30th April is 4 months, and the period to 30th June is 6 months, the portion of profit to capitalize will be four-sixths of £8,000 = £5,333 6s. 8d.

- (b) *On Basis of Turnover.*

As one-half of the turnover was received up to the date of incorporation, then one-half of £8,000 = £4,000 will be capitalized.

EXERCISE XV (D)—No. 19.

MESRS. BROWNSON & CO., LTD.

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st MARCH, 19.. Cr.

Dr.	£	s.	d.	£	s.	d.	£	s.	d.	Cr.
To Stock, 1st April	.	.	.							
" Purchases	.	.	.	2,056	—	—				11,568
" Carriage	.	.	.	1,525	—	—				2,456
" Wages	.	.	.	250	—	—				
" Add Wages (unpaid)	.	.	.	5,802	—	—				
	.	.	.	50	—	—				
Balance, Gross Profit c/d	.	.	.	5,852	—	—				
				4,341	—	—				
				14,024	—	—				14,024
To Bad Debts	.	.	.	220	—	—				
" Discounts	.	.	.	126	—	—				
" Salaries	.	.	.	1,200	—	—				4,341
" Directors' Fees	.	.	.	200	—	—				
" Travelling Expenses	.	.	.	607	—	—				
" Rates, etc. (£ ½ yr. to 30th Sept. last)	.	.	.	50	—	—				
" Add Rates due	.	.	.	50	—	—				
Interest on Bank Overdraft	.	.	.	100	—	—				
" Bad Debts Res. (5% of £3,172)	.	.	.	36	—	—				
" Less Old Reserve	.	.	.	38	12	—				
Depreciation of Plant	.	.	.	60	—	—				
(amount provided)	.	.	.	100	—	—				
Preliminary Expenses	.	.	.	1,653	8	—				
(amount written off)	.	.	.							
Balance, Net Profit c/d	.	.	.	1,653	8	—				
				4,341	—	—				4,341

## MESSRS. BROWNSON &amp; CO., LTD.

Dr.

APPROPRIATION ACCOUNT

Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Interim Dividend . . . . .				750	—	—	100	—	—
„ Balance to Balance Sheet . . . . .				1,003	8	—	1,653	8	—
				£1,753	8	—	£1,753	8	—

By Balance, 1st April . . . . .  
 „ Profit and Loss Account . . . . .

## BALANCE SHEET AS AT 31ST MARCH, 19..

	£	s.	d.	£	s.	d.	£	s.	d.
<b>CAPITAL AND LIABILITIES.</b>									
<i>Nominal Capital—</i>									
8,000 Shares of £1 each . . . . .	8,000	—	—				1,286	—	—
							60	—	—
<i>Issued Capital—</i>									
7,920 Shares of £1 each, 15/- paid-up				5,940	—	—			
Forfeited Shares Account . . . . .				10	—	—			
Reserve Fund Account . . . . .				500	—	—			
Bank Overdraft . . . . .	900	—	—				3,172	—	—
Add Interest accrued thereon . . . . .	36	—	—				158	12	—
				936	—	—			
Bills Payable. . . . .				1,000	—	—			
Sundry Creditors . . . . .				2,079	—	—			
<i>Outstanding Items—</i>									
Wages . . . . .	50	—	—				500	—	—
Rates . . . . .	50	—	—				100	—	—
				100	—	—			
<i>Profit and Loss Account—</i>									
Balance available for distribution.				1,003	8	—			
				£11,568	8	—			
							£11,568	8	—

PROPERTY AND ASSETS.

Premises . . . . .

Plant and Machinery . . . . .

Less Depreciation . . . . .

Horses and Carts. . . . .

Furniture and Fittings. . . . .

Stock. . . . .

Sundry Debtors . . . . .

Less Bad Debts Reserve . . . . .

Bills Receivable . . . . .

Cash in hand . . . . .

Preliminary Expenses . . . . .

Less ¼ written off . . . . .

*Dr.* INCOME AND EXPENDITURE ACCOUNT OF A CHARITABLE SOCIETY  
FOR THE YEAR ENDED 31st DECEMBER, 19 —

To	<i>f.</i>	<i>s.</i>	<i>d.</i>
To Wages . . . . .	1,862	—	—
" Rates, Heat, and Light . . . . .	265	—	—
" Committee Expenses . . . . .	10	—	—
" Secretary's Expenses . . . . .	47	—	—
" Depreciation of Furnishing . . . . .	27	—	—
" Excess of Income over Expenditure for the Year . . . . .	184	—	—
	<i>f</i> 2,335	—	—

BALANCE SHEET OF A CHARTABLE SOCIETY  
AS AT 31ST DECEMBER, 19 .

LIABILITIES		ASSETS	
<i>£</i>	<i>s. d.</i>	<i>£</i>	<i>s. d.</i>
Secretary's expenses owing	120	—	—
Balance due on Building Contract	120	—	—
Subscriptions paid in advance	—	270	—
Building Fund Contributions	—	27	—
Accumulated Fund at 1st January, 19..	983	—	—
<i>Add</i> Surplus of Income over Expenditure for the Year	184	—	—
		243	—
		1,818	—
		£2,067	—



EXERCISE XV (D)—No. 21.

BALANCE SHEET OF Y, Z & CO., LTD.,

AS AT 31ST OCTOBER, 1939

CAPITAL AND LIABILITIES		£	£	ASSETS		£	£
<i>Nominal Capital—</i>				Freehold Premises at cost, <i>less</i> depreciation . . . . .			80,000
400,000 Ordinary Shares of 10s. each . . . . .			200,000	Plant and Machinery at cost, <i>less</i> depreciation . . . . .			61,750
100,000 7 per cent Preference Shares of £1 each . . . . .			100,000	Vans, Horses, and Lorries at cost, <i>less</i> depreciation . . . . .			3,547
			<u>£300,000</u>	Stocks—			
				London . . . . .		29,172	
				Birmingham . . . . .		6,512	
							35,684
<i>Issued Capital—</i>				Sundry Debtors—			
240,000 Ordinary Shares of 10s. each, fully paid . . . . .			120,000	London . . . . .	12,345		
30,000 7 per cent Preference Shares of £1 each, £1 a share called up . . . . .		30,000		<i>Less</i> Reserve for Bad Debts . . . . .	400		
<i>Less</i> Calls in Arrear . . . . .		140		Birmingham . . . . .	9,615		
Share Premiums . . . . .			29,880	<i>Less</i> Reserve for Bad Debts . . . . .	250	11,945	
6 per cent Debentures . . . . .			12,000				
Sundry Creditors—			40,000			9,365	
London . . . . .		4,888					
Birmingham . . . . .		3,194					
				Expenses paid in advance—			
Expenses accrued—			7,582	London . . . . .		309	
London . . . . .		1,947		Birmingham . . . . .		146	
Birmingham . . . . .		422					455
Staff Pensions Fund . . . . .			2,369	Cash and Bank Balances—			
Profit and Loss Account, 31st October, 1938 . . . . .			5,340	London . . . . .		8,757	
<i>Add</i> Profit for year—			8,157	Birmingham . . . . .		2,717	
London . . . . .		7,354		Cash in Transit . . . . .		2,000	
Birmingham . . . . .		4,218					
				Staff Pensions Fund Investments at cost . . . . .			13,474
<i>Less</i> Dividends paid . . . . .		19,709		Discount on Debentures . . . . .			5,340
		9,300					6,000
			<u>£227,580</u>				<u>£227,580</u>

LONDON JOURNAL

Birmingham Current Account	£	850
To Plant and Machinery		
Depreciation on plant and machinery at Birmingham.		
	£	850

BIRMINGHAM JOURNAL

Depreciation of Plant and Machinery	£	850
To London Current Account		
Depreciation on plant and machinery at Birmingham.		
	£	850

EXERCISE XV (D)—No. 22.

Dr.

MACHINERY ACCOUNT

Cr.

		<i>£</i>	<i>s.</i>	<i>d.</i>		
1935 Jan. 1	To Cost of Machinery . . . . .	2,000	—	—		

Dr.

POLICY ACCOUNT

Cr.

		<i>£</i>	<i>s.</i>	<i>d.</i>		<i>£</i>	<i>s.</i>	<i>d.</i>
1935 Jan. 1	To Bank—Premium . . . . .	200	—	—	1935 Dec. 31	By Machinery Redemption Account " Balance, carried down . . . . .	150	50
1936 Jan. 1	To Balance, brought down . . . . .	50	—	—	1936 Dec. 31	By Machinery Redemption Account " Balance, carried down . . . . .	70	180
1937 Jan. 1	To Balance, brought down . . . . .	180	—	—	1937 Dec. 31	By Machinery Redemption Account " Balance, carried down . . . . .	60	320
1938 Jan. 1	To Balance, brought down . . . . .	320	—	—				

Dr.

MACHINERY REDEMPTION ACCOUNT

Cr.

		<i>£</i>	<i>s.</i>	<i>d.</i>		<i>£</i>	<i>s.</i>	<i>d.</i>
1935 Dec. 31	To Policy Account to reduce it to surrender value . . . . .	150	—	—	1935 Dec. 31	By Profit and Loss Account . . . . .	200	—
1936 Dec. 31	To Policy Account to reduce it to surrender value . . . . .	70	—	—	1936 Jan. 1	By Balance, brought down . . . . .	50	—
1937 Dec. 31	To Policy Account to reduce it to surrender value . . . . .	180	—	—	1936 Dec. 31	" Profit and Loss Account . . . . .	200	—
	" Balance, carried down . . . . .	60	—	—	1937 Jan. 1	By Balance, brought down . . . . .	180	—
	" Balance, carried down . . . . .	320	—	—	1937 Dec. 31	" Profit and Loss Account . . . . .	200	—
					1938 Jan. 1	By Balance, brought down . . . . .	320	—

## EXERCISE XV (D)—No. 23.

AVERAGE DUE DATE		Products.	
£		£	£
400	due 30th June . . . . .		
440	„ 73 days before 30th June . . . . .	32,120	
250	„ 37 „ „ . . . . .	9,250	
			41,370
700	„ 18 „ beyond „ . . . . .		12,600
<u>£1,790</u> (28,770 ÷ 1,790 gives 16 days)			<u>£28,770</u>

Average due date = 30th June - 16 days = 14th June.

Amount due to be paid, £1,790.

## EXERCISE XV (D)—No. 24.

(a) See under "Partnership Deed," page 379 of *Advanced Accounts*.

See under "Goodwill," pages 383 to 386 (inclusive) of *Advanced Accounts*.

(b) Goodwill is an "intangible" asset and rarely the "fictitious" asset it is so often labelled. Its value consists in the "profit" earning capacity represented by "family" trade taken over, i.e. the customers on the books of the business when purchased. Goodwill is also vested in "trade marks," "trade names," and "local" conditions favourable to the business that has changed hands. In fact, Goodwill cannot easily be defined as any one particular "advantage" yielded by the business purchased, but its value is determinable, and, once created, is hard to contest.

EXERCISE XV (D)—No. 25.

GENERAL LEDGER ADJUSTMENT ACCOUNT (SALES LEDGER)

Dr.

Cr.

19..		£	s.	d.	19..		£	s.	d.
Mar. 31	To Returns Inwards . . . . .	474	8	7	Mar. 1	By Balances of Debtors' Accounts . . . . .	19,846	10	5
" 31	" Discounts Allowed . . . . .	598	15	8	" 31	" Sales to Debtors . . . . .	18,755	11	6
" 31	" Cash . . . . .	12,974	3	10	" 31	" Bills Receivable (dishd. acceptances) . . . . .	326	17	5
" 31	" Bills Receivable . . . . .	4,651	6	9	" 31	" Petty Cash (items charged) . . . . .	26	13	4
" 31	" Bought Ledger (amounts transfer'd) . . . . .	156	4	11					
" 31	" Balance c/d . . . . .	20,100	12	11					
		£ 38,955	12	8		£ 38,955	12	8	
					Mar. 31	By Balance b/d . . . . .	20,100	12	11

512

SALES LEDGER ADJUSTMENT ACCOUNT (GENERAL LEDGER)

Dr.

Cr.

19..	£	s.	d.	19..	£	s.	d.
Mar. 1	To Balances of Debtors' Accounts	19,846	10 5	Mar. 31	By Returns Inwards	474	8 7
" 31	" Sales to Debtors	18,755	11 6	" 31	" Discounts Allowed	598	15 8
" 31	" Bills Receivable (dishd. acceptances)	326	17 5	" 31	" Cash	12,974	3 10
" 31	" Petty Cash (items charged)	26	13 4	" 31	" Bills Receivable	4,651	6 9
				" 31	" Bought Ledger (amts. transferred)	156	4 11
				" 31	" Balance c/d	20,100	12 11
	£ 38,955	12 8			£ 38,955	12 8	
Mar. 31	To Balance b/d	20,100	12 11				

EXERCISE XV (D)—No. 26.

THE SIMPLEX MANUFACTURING CO.

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st Jan. . . . .	22,753	14	8	5,274	16	10	38,350	2	6
" Purchases . . . . .	75	—	—	—	—	—	6,378	12	6
" Less Transfer to Plant, etc. . . . .	—	—	—	—	—	—	—	—	—
" Productive Wages . . . . .	7,642	12	9	22,678	14	8	—	—	—
" Less Transfer to Plant, etc. . . . .	115	—	—	—	—	—	—	—	—
" Carriage and Freight . . . . .	—	—	—	7,527	12	9	—	—	—
" Coal, Gas, and Water . . . . .	—	—	—	457	16	9	—	—	—
" Balance, Gross Profit c/d . . . . .	—	—	—	522	19	7	—	—	—
	£			8,266	14	5	—	—	—
To Wages (non-productive) . . . . .	—	—	—	44,728	15	—	44,728	15	—
" Discounts Allowed . . . . .	—	—	—	1,013	10	6	—	—	—
" Sundry Trade Expenses . . . . .	—	—	—	1,975	14	6	8,268	14	5
" Ground Rent, Rates, and Taxes . . . . .	—	—	—	282	12	8	1,162	8	10
" Coal, Gas, and Water . . . . .	—	—	—	472	16	9	—	—	—
" Bank Charges . . . . .	—	—	—	89	17	1	—	—	—
" Repairs to Plant . . . . .	—	—	—	54	13	9	—	—	—
" Bad Debts Reserve (5% of £9,872/12/6) . . . . .	493	12	7	63	18	10	—	—	—
" Less Old Reserve . . . . .	152	12	9	—	—	—	—	—	—
" Depreciation—	—	—	—	340	19	10	—	—	—
" Plant, etc. (1st Jan.), 5% of £8,012/11/8 . . . . .	300	12	7	—	—	—	—	—	—
" Plant, etc. (additions), 25% of £442/17/4 . . . . .	110	14	4	—	—	—	—	—	—
" Furniture and Fittings (5% of £873/14/6) . . . . .	43	13	9	—	—	—	—	—	—
" Leasehold Redemption Fund—	—	—	—	455	—	8	—	—	—
" Annual Instalment . . . . .	37	10	—	—	—	—	—	—	—
" Interest at 2½% on Balance (1st Jan.), i.e. £675 . . . . .	16	17	6	54	7	6	—	—	—
" Interest on Capital Accounts—	—	—	—	—	—	—	—	—	—
" G. Sykes (5% of £8,500) . . . . .	425	—	—	—	—	—	—	—	—
" R. Simpson (5% of £5,444/1/1) . . . . .	322	4	—	747	4	—	—	—	—
" Balance, Net Profit c/d . . . . .	—	—	—	3,878	7	2	—	—	—
	£			£9,429	3	3	£9,429	3	3

EXERCISE XV (D)—No. 26 (contd.).

THE SIMPLEX MANUFACTURING CO.

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.		£	s.	d.	£	s.	d.
Bills Payable . . . . .					4,573	19	10
Sundry Creditors . . . . .					5,003	16	2
Leasehold Redemption Account							
<i>Add</i> Annual Interest . . . . .		675	—	6			
" Annual Instalment . . . . .		37	10	—			
<i>J. Smith's Bonus . . . . .</i>					729	7	6
<i>G. Sykes :</i>					70	13	6
<i>Capital Accounts—</i>							
Balance, 1st Jan. . . . .		8,500	—	—			
<i>Add</i> Interest . . . . .		423	—	—			
" Share of Profit . . . . .		1,903	16	10			
<i>Less</i> Drawings . . . . .		10,828	16	10			
		1,000	—	—	9,828	16	10
<i>R. Simpson :</i>							
Balance, 1st Jan. . . . .		6,444	1	—			
<i>Add</i> Interest . . . . .		322	4	—			
" Share of Profit . . . . .		1,903	16	10			
<i>Less</i> Drawings . . . . .		8,670	1	10			
		750	—	—			
					7,920	1	10
					28,126	15	8
					£		

## Dr.

## DISTRIBUTION OF PROFIT ACCOUNT

67.

[illegible]

EXERCISE XV (D)—No. 27.

Dr.

EAST & CO. IN ACCOUNT CURRENT WITH NORTH & CO.

Cr.

Date.	Particulars.	Due Date.	Days.	Pro-ducts.	Amount.	Particulars.	Due Date.	Days.	Pro-ducts.	Mos.	Pro-ducts.	Amount.
19..	To Goods..	Oct. 1	123	£ 12,300	£ 100	By Cash..	Oct. 1	123	£ 5,535	4	£ 180	£ s. d.
Sept. 16	" Cash..	Nov. 1	92	15,080	165	" Goods..	Dec. 1	62	15,500	2	500	45
Nov. 1	" Cash..	Dec. 1	62	9,300	150	" Goods..	19..					250
Dec. 1	" Cash..	19..				" Goods..	Jan. 1	31	7,750	1	250	
19..	" Cash..	Jan. 1	31	9,300	300	" Goods..	"	31	3,410	1	110	
Jan. 1	" Goods..	Feb. 1			10	" Bal. of Products..	"		13,785		455	
" 9	" Balance of Interest				2	" Balance 6/d						72
Feb. 1					5				£ 45,980		£ 1,495	5
					8							8

$$\begin{aligned} \text{MONTHS } \frac{91}{455} \times \frac{91}{6} &= \frac{91}{40} = 2 : 5 : 6. \\ \text{DAYS } \frac{2779}{78,485} \times \frac{22}{3650} &= \frac{2779 \times 3}{3650} = 2 : 5 : 8. \end{aligned}$$

EXERCISE XV (D)—No. 28.

MESSRS. DAY & WILSON

BALANCE SHEET AS AT.....

LIABILITIES.		£	s.	d.	ASSETS.		£	s.	d.
Mortgage on Factory	.	.	.	.	Cash	.	1,000	—	—
Bills Payable.	.	.	.	.	Bank	.	416	15	—
Sundry Creditors	.	.	.	.	Bills Receivable	.	826	5	7
Capital Accounts—					Loan to J. Smith.	.			
Arthur Wilson	.	.	.	.	Sundry Debtors	.			
Henry Day	.	.	.	.	Stock.	.			
					Office Furniture	.	6,686	16	2
					Machinery	.			
					Freehold Factory	.			
					Sundry Expenses (prepaid)	.			
							£8,929	16	9
							£8,929	16	9



## EXERCISE XV (D)—No. 29.

## JOURNAL ENTRIES FOR ADJUSTMENTS

19..		£	s.	d.	£	s.	d.
A	Defaulting Cashier . . . . .	328	16	10			
	To Sundry Debtors . . . . .				318	4	6
	,, Sales Account . . . . .				10	12	4
	Purchases Account . . . . .	6	8	4			
	Sundry Creditors . . . . .	66	5	4			
	To Defaulting Cashier . . . . .				72	13	8
	Sundry Creditors . . . . .	1	13	9			
	To Discount Account . . . . .				1	13	9
	Petty Expenses . . . . .	5	3	6			
	To Defaulting Cashier . . . . .				5	3	6
B	Loose Plant . . . . .	95	—	—			
	To A. Brown . . . . .				95	—	—
C	Sales Account . . . . .	100	—	—			
	To Stock Account . . . . .				100	—	—
D	Sundry Debtors . . . . .	95	—	—			
	To Bills Receivable . . . . .				95	—	—
		£698	7	9	£698	7	9

## EXERCISE XV (E) No. 1.

DEBENTURE REDEMPTION FUND  
INVESTMENT ACCOUNT

Dr.							Cr.		
		£	s.	d.	19..		£	s.	d.
Year 1	To Cash . . . . .	1,431	1	5	Year 1	By Balance c/d . . . .	1,431	1	5
Year 2	To Balance b/d . . . .	1,431	1	5	Year 2	By Balance c/d . . . .	2,933	13	11
	" Cash invested = an- nual instalment + 1st year's interest.	1,502	12	6					
		£2,933	13	11			£2,933	13	11
Year 3	To Balance b/d . . . .	2,933	13	11	Year 3	By Balance c/d . . . .	4,511	9	1
	" Cash . . . . .	1,577	15	2					
		£4,511	9	1			£4,511	9	1

## EXERCISE XV (E)—No. 1 (contd.).

Dr.				Cr.			
DEBENTURE REDEMPTION FUND				INVESTMENT ACCOUNT—(contd.)			
		£	s. d.			£	s. d.
Year 4	To Balance b/d . . .	4,511	9 1	Year 4	By Balance c/d . . .	6,168	2 -
	" Cash . . . . .	1,656	12 11				
		£6,168	2 -			£6,168	2 -
Year 5	To Balance b/d . . .	6,168	2 -	Year 5	By Balance c/d . . .	7,907	11 7
	" Cash . . . . .	1,739	9 7				
		£7,907	11 7			£7,907	11 7
Year 6	To Balance b/d . . .	7,907	11 7	Year 6	By Balance c/d . . .	9,734	- 8
	" Cash . . . . .	1,826	9 1				
		£9,734	- 8			£9,734	- 8
Year 7	To Balance b/d . . .	9,734	- 8	Year 7	By Balance c/d . . .	11,651	16 2
	" Cash . . . . .	1,917	15 6				
		£11,651	16 2			£11,651	16 2
Year 8	To Balance b/d . . .	11,651	16 2	Year 8	By Balance c/d . . .	13,665	9 5
	" Cash . . . . .	2,013	13 3				
		£13,665	9 5			£13,665	9 5
Year 9	To Balance b/d . . .	13,665	9 5	Year 9	By Balance c/d . . .	15,779	16 4
	" Cash . . . . .	2,114	6 11				
		£15,779	16 4			£15,779	16 4
Year 10	To Balance b/d . . .	15,779	16 4	Year 10	By Cash . . . . .	18,000	- -
	" Cash . . . . .	2,220	3 8		(Realization of Investment)		
		£18,000	- -			£18,000	- -

Dr.				Cr.			
DEBENTURE REDEMPTION FUND ACCOUNT							
		£	s. d.			£	s. d.
Year 1	To Balance c/d . . .	1,431	1 5	Year 1	By Appropriation A/c . . .	1,431	1 5
Year 2	To Balance c/d . . .	2,933	13 11	Year 2	By Balance b/d . . .	1,431	1 5
					" Interest . . . . .	71	11 1
					" Appropriation A/c . . .	1,431	1 5
		£2,933	13 11			£2,933	13 11
Year 3	To Balance c/d . . .	4,511	9 1	Year 3	By Balance b/d . . .	2,933	13 11
					" Interest . . . . .	146	13 9
					" Appropriation A/c . . .	1,431	1 5
		£4,511	9 1			£4,511	9 1
Year 4	To Balance c/d . . .	6,168	2 -	Year 4	By Balance b/d . . .	4,511	9 1
					" Interest . . . . .	225	11 6
					" Appropriation A/c . . .	1,431	1 5
		£6,168	2 -			£6,168	2 -
Year 5	To Balance c/d . . .	7,907	11 7	Year 5	By Balance b/d . . .	6,168	2 -
					" Interest . . . . .	308	8 2
					" Appropriation A/c . . .	1,431	1 5
		£7,907	11 7			£7,907	11 7

## EXERCISE XV (E)—No. 1 (contd.).

## Dr. DEBENTURE REDEMPTION FUND ACCOUNT—(contd.) Cr.

Year		£	s.	d.	Year		£	s.	d.
Year 6	To Balance c/d . . .	9,734	—	8	Year 6	By Balance b/d . . .	7,907	11	7
						" Interest . . .	395	7	8
						" Appropriation A/c . .	1,431	1	5
		9,734	—	8			9,734	—	8
Year 7	To Balance c/d . . .	11,651	16	2	Year 7	By Balance b/d . . .	9,734	—	8
						" Interest . . .	486	14	1
						" Appropriation A/c . .	1,431	1	5
		11,651	16	2			11,651	16	2
Year 8	To Balance c/d . . .	13,665	9	5	Year 8	By Balance b/d . . .	11,651	16	2
						" Interest . . .	582	11	10
						" Appropriation A/c . .	1,431	1	5
		13,665	9	5			13,665	9	5
Year 9	To Balance c/d . . .	15,779	16	4	Year 9	By Balance b/d . . .	13,665	9	5
						" Interest . . .	683	5	6
						" Appropriation A/c . .	1,431	1	5
		15,779	16	4			15,779	16	4
Year 10	To Transfer to Capital Reserve . . .	18,000	—	—	Year 10	By Balance b/d . . .	15,779	16	4
						" Interest . . .	788	19	10
						" Appropriation A/c . .	1,431	3	10
		18,000	—	—			18,000	—	—

## EXERCISE XV (E)—No. 2.

## JOURNAL

19..		£	s.	d.	£	s.	d.
	Profit and Loss Account . . .	10,500	—	—			
	To Appropriation Account . . .				10,500	—	—
	Transfer of balance.						
	Appropriation Account . . .	500	—	—			
	To Premium on Repayment of Debentures . . .				500	—	—
	Premium on repayment now provided.						
	Debentures Account . . .	10,000	—	—			
	Premium on Repayment of Debentures . . .	500	—	—			
	To Debenture-holders . . .				10,500	—	—
	Transfer of balances.						
	Appropriation Account . . .	10,000	—	—			
	To Capital Reserve Account . . .				10,000	—	—
	For transfer of amount of profit equal to debentures paid.						
		31,500	—	—			

EXERCISE XV (E)—No. 2 (*contd.*).

## CASH BOOK

(CREDIT SIDE)

		£	s.	d.
19..	By Debenture-holders . . . .	10,500	—	—

## EXERCISE XV (E)—No. 3.

Dr.

## DEBENTURES ACCOUNT

Cr.

		£	s.	d.			£	s.	d.
Year 1	To Debentures Redeemed Account . . . .	1,875	—	—	Year 1	By Cash . . . .	14,250	—	—
	„ Balance c/d . . . .	13,125	—	—		„ Discount . . . .	750	—	—
		£15,000	—	—			£15,000	—	—
Year 2	To Deb. Redeemed A/c . . . .	1,875	—	—	Year 2	By Balance b/d . . . .	13,125	—	—
	„ Balance c/d . . . .	11,250	—	—			£13,125	—	—
		£13,125	—	—			£13,125	—	—
Year 3	To Deb. Redeemed A/c . . . .	1,875	—	—	Year 3	By Balance b/d . . . .	11,250	—	—
	„ Balance c/d . . . .	9,375	—	—			£11,250	—	—
		£11,250	—	—			£11,250	—	—
Year 4	To Deb. Redeemed A/c . . . .	1,875	—	—	Year 4	By Balance b/d . . . .	9,375	—	—
	„ Balance c/d . . . .	7,500	—	—			£9,375	—	—
		£9,375	—	—			£9,375	—	—
Year 5	To Deb. Redeemed A/c . . . .	1,875	—	—	Year 5	By Balance b/d . . . .	7,500	—	—
	„ Balance c/d . . . .	5,625	—	—			£7,500	—	—
		£7,500	—	—			£7,500	—	—
Year 6	To Deb. Redeemed A/c . . . .	1,875	—	—	Year 6	By Balance b/d . . . .	5,625	—	—
	„ Balance c/d . . . .	3,750	—	—			£5,625	—	—
		£5,625	—	—			£5,625	—	—
Year 7	To Deb. Redeemed A/c . . . .	1,875	—	—	Year 7	By Balance b/d . . . .	3,750	—	—
	„ Balance c/d . . . .	1,875	—	—			£3,750	—	—
		£3,750	—	—			£3,750	—	—
Year 8	To Deb. Redeemed A/c . . . .	1,875	—	—	Year 8	By Balance b/d . . . .	1,875	—	—

Dr.

## DEBENTURES REDEEMED ACCOUNT

Cr.

		£	s.	d.			£	s.	d.
Year 1	To Cash . . . . .	1,875	—	—	Year 1	By Debentures . . . .	1,875	—	—
Year 2	To Cash . . . . .	1,875	—	—	Year 2	By Debentures . . . .	1,875	—	—

and so on for successive years.

EXERCISE XV (E)—No. 3 (*contd.*).

<i>Dr.</i>		CASH BOOK		<i>Cr.</i>	
			Year 1	By Deb. Redeemed A/c . .	£ 1,875 s. - d. -

*and so on for successive years.*

## EXERCISE XV (E)—No. 4.

<i>Dr.</i>		DEBENTURES ACCOUNT		<i>Cr.</i>			
19..	To Cash . . . . .	£ 8,500	s. d.	19..	By Balance . . . . .	£ 32,000	s. d.
	„ Transfer to Cap. Res. . .	639	15 8				
	„ Balance c/d . . . . .	22,860	4 4				
		£ 32,000	- -			£ 32,000	- -

Dr.		CAPITAL RESERVE ACCOUNT		Cr.	
		19..	By Appropriation A/c	£ 8,500	s. - d. -
			„ Debenture A/c	639	15 8

Dr.		CASH ACCOUNT				Cr.	
19..	To Balance . . . . .	£ 18,000	s. -	d. -	19..	By Debentures . . . . . (£8,500 @ 93%)	£ 8,500 s. - d. -

<i>Dr.</i>		APPROPRIATION ACCOUNT		<i>Cr.</i>			
19..	To Capital Reserve A/c .	<u>£ 8,500</u>	<u>s. -</u> <u>d. -</u>	19..	By Profit and Loss A/c .	<u>£ 8,500</u>	<u>s. -</u> <u>d. -</u>

## EXERCISE XV (E)—No. 5.

Dr.		5% MORTGAGE DEBENTURES						Cr	
1940 Feb. 28	To Cash . . .	£	s.	d.	1939 Dec. 31 1940 Feb. 28	By Balance . .	£	s.	d.
		51,000	—	—			50,000	—	—
						„ Debenture Redemption Fund . .	1,000	—	—
		<u>£51,000</u>	—	—			<u>£51,000</u>	—	—

<i>Dr.</i>		DEBENTURE REDEMPTION FUND						<i>Cr.</i>	
1940 Feb. 28	To Mortgage Debentures „ Balance .	£	s.	d.	1939 Dec. 31 1940 Feb. 28	By Balance .	£	s.	d.
		1,000	—	—			52,100	—	—
	c/d	55,760	—	—		„ Funding Loan .	4,040	—	—
						„ War Stock .	620	—	—
		<u>£56,760</u>	—	—			<u>£56,760</u>	—	—
					1940 Feb. 28	„ Balance .	b/d	55,760	—

DEBENTURE REDEMPTION FUND INVESTMENTS											
Dr.		£26,400 4% FUNDING LOAN							Cr.		
1939											
Dec. 31	To Balance .		£	s.	d.	1940			£	s.	d.
1940			25,000	-	-	Feb. 28	By Cash .		29,040	-	-
Feb. 28	" Debenture Redemption Fund. .		4,040	-	-						
			£29,040	-	-				£29,040	-	-

Dr.		£28,000 3½% WAR STOCK				Cr.			
1939 Dec. 31 1940 Feb 28	To Balance .	£	s.	d.	1940 Feb. 28	By Cash .	£	s.	d.
		27,100	—	—			27,720	—	—
	„ Debenture Redemption Fund. .	620	—	—					
		<u>£27,720</u>	—	—			<u>£27,720</u>	—	—

## EXERCISE XV (E)—No. 5 (contd.).

## Dr. DEBENTURE HOLDERS' INTEREST ACCOUNT Cr.

		£	s.	d.		£	s.	d.
1940 Feb. 28	To Tax on £416 13s. 4d. at 5s. . . .	104	3	4	1940 Feb. 28	By 2 months' interest . . .	416	13 4
" 28	" Cash . . .	312	10	-				
		£416	13	4			£416	13 4

## Dr. DEBENTURE INTEREST Cr.

		£	s.	d.				
1940 Feb. 28	To 2 months' interest . . .	416	13	4				

## Dr. INCOME-TAX ACCOUNT Cr.

						£	s.	d.
				1940 Feb. 28	By Debenture Holders . . .	104	3	4

## Dr. CASH ACCOUNT Cr.

1940			£	s.	d.	1940			£	s.	d.
Feb. 28	To Funding Loan .		29,040	-	-	Feb. 28	By Debenture Holders .		51,000	-	-
" 28	" War Stock .		27,720	-	-	" 28	" Debenture Holders .		312	10	-
						" 28	" Balance .	c/d	5,447	10	-
			<u>£56,760</u>	-	-				<u>£56,760</u>	-	-
Mar. 1	" Balance .	b/d	5,447	10	-						

## Dr.

## DEBENTURES ACCOUNT

[illegible]

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## DEBENTURE REDEMPTION RESERVE

DEBENTURE REDEMPTION RESERVE ✓		Cr.
Dr.		
1937	<div>1937</div> <div>Mar. 31</div> <div>May 1</div> <div>Dec. 1</div> <div>1938</div> <div>Mar. 31</div>	<div>By Balance brought down</div> <div>" Profit on cancellation of £2,000 Debentures</div> <div>" Profit on cancellation of £2,000 Debentures</div> <div>✓ " Profit and Loss Account</div> <div>£</div> <div>38,500</div> <div>65</div> <div>145</div> <div>3,750</div> <div>s. d.</div> <div>- 8</div> <div>6 4</div> <div>- -</div>

## Dr.

## DEBENTURE INTEREST

Dr.	DEBENTURE INTEREST		Cr.
	£.	s. d.	
1937			
May 1	To Bank, Interest on £2,000 Debentures cancelled .	8	6
Sept. 30	" Bank, Interest on £55,000 Debentures for half-year	1,375	-
Dec. 1	" Bank, Interest on £2,000 Debentures cancelled .	16	13
1938			
Mar. 31	" Bank, Interest on £53,000 Debentures for half-year	1,325	-



## EXERCISE XV (E)—No. 7.

Dr. 2000 7 PER CENT DEBENTURES OF £100 EACH Cr.

1934		£	s.	d.	1920		£	s.	d.
June 30	To Cash . . .	72,800	-	-		By Cash . . .	200,000	-	-
" 30	" 1400 4½ per cent Debentures of £100 each . . .	140,000	-	-	1934				
					June 30	By Debenture Premium: £60,000 at 5 per cent . . .	3,000	-	-
						£140,000 at 7 per cent . . .	9,800	-	-
		£212,800	-	-			£212,800	-	-

Dr. DEBENTURE REDEMPTION FUND Cr.

1934 June 30	To Debenture Premium Account	£	s.	d.	1933 Dec. 31	By Balance	b/d	£	s.	d.
		12,800	-	-	1934 June 30	Profit on Sale of Investm'ts		7,700	-	-
30	„ Balance	103,400	-	-				7,700	-	-
		£116,200	-	-				£116,200	-	-
					1934 July 1	By Balance	b/d	103,400	-	-

Dr. DEBENTURE REDEMPTION FUND INVESTMENTS Cr.

			£	s.	d.			£	s.	d.
1933 Dec. 31	To Balance	b/d	108,500	-	-	1934 June 30	By Cash: Sale of £51,000 for			
1934 June 30	" Profit on Sale of Investm'ts taken to Debenture Redemp. Fund					" 30	" Balance	c/d	58,700	-
			7,700	-	-				57,500	-
			£116,200	-	-				£116,200	-
1934 July 1	To Balance	b/d	57,500	-	-					

Dr. DEBENTURE PREMIUM ACCOUNT Cr.

1934 June 30		£	s.	d.	1934 June 30		£	s.	d.
	To Debenture Holders	3,000	-	-		By Transfer to Debenture Redemption Fund.	12,800	-	-
" 30	" Debenture Holders	9,800	-	-			£12,800	-	-
		<u>£12,800</u>	-	-			<u>£12,800</u>	-	-

Dr. 1400 4½ PER CENT DEBENTURES OF £100 EACH Cr.

		£	s.	d.
1934 June 30	By 7 per cent Debenture Holders . . .	140,000	-	-

EXERCISE XV (E)—No. 8

THE LUCIFER ELECTRICAL CO., LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

<i>Dr.</i>	£	s.	d.	£	s.	d.	£	s.	d.	<i>Cr.</i>
To Stock, 1st Jan. . . . .	21,000	—	—	15,400	—	—	By Sales . . . . .	—	—	£ 61,500
" Purchases . . . . .	400	—	—	—	—	—	" Stock, 31st Dec. . . . .	15,000	—	—
Add Additional Purchases . . . . .	—	—	—	21,400	—	—	Less Depreciation, 5% . . . . .	750	—	—
" Carriage . . . . .	—	—	—	700	—	—	" Stock in Process . . . . .	2,500	—	14,250
" Wages . . . . .	31,800	—	—	—	—	—	Less Depreciation, 12½% . . . . .	312	10	—
Less Transfer to Office Furniture . . . £100 . . . . .	—	—	—	—	—	—				2,187
" Transfer to Loose Tools . . . £150 . . . . .	250	—	—	—	—	—				10
" Balance c/d, Gross Profit . . . . .	—	—	—	31,550	—	—				—
				8,887	10	—				—
				£ 77,937	10	—				—
										£ 77,937
										10
										—

<i>Dr.</i>		APPROPRIATION ACCOUNT				<i>Cr.</i>	
	£	s.	d.	£	s.	d.	
To Preference Share Dividend. ✓							
" Debenture Reserve (5% of £8,000)		300	—			4,000	
" Balance to Balance Sheet		400	—			2,081	
		5,381	—			£	
		£6,081	—			6,081	

THE LUCIFER ELECTRICAL CO., LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cy.

[illegible]



THE ELDORADO CIGARETTE CO., LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 19..

Cr.

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## EXERCISE XV (E)—No. 9 (contd.).

THE ELDORADO CIGARETTE CO., LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 19..

	Dr.	Profit and Loss Account for the Year ended 31st March, 19..	Cr.
	£	s.	d.
To Rent . . . . .	182	-	-
" Gas and Electric Light . . . . .	34	-	-
Add Amount owing . . . . .	-	-	-
Rates and Taxes . . . . .	203	-	-
Less Amount paid in advance . . . . .	32	-	-
Licence and Insurance . . . . .	209	-	-
Less Insurance paid in advance . . . . .	49	-	-
Trade Expenses . . . . .	-	-	-
Interest and Discount . . . . .	-	-	-
Bad Debts . . . . .	-	-	-
Salaries . . . . .	1,587	-	-
Add Amount owing . . . . .	40	-	-
Travellers' Salaries, Com., etc. . . . .	-	-	-
Printing and Postage . . . . .	-	-	-
General Expenses . . . . .	-	-	-
Advertising and Samples . . . . .	-	-	-
Legal Expenses . . . . .	-	-	-
Audit Fee . . . . .	-	-	-
Bad Debts Reserve . . . . .	609	-	-
(2½% of £24,360)	-	-	-
Less Old Reserve . . . . .	542	-	-
Depreciation— Plant and Machinery (10% of £3,420) Fixtures and Fittings (7¼% of £1,160)	342  87	- - -	- - -
		£	s. d.
		10,299	- -
		By Trading Account b/d . . . . .	620 - -
		" Balance, Net Loss . . . . .	216 - -
			171 - -
			160 - -
			506 - -
			3,275 - -
			247 - -
			1,627 - -
			1,479 - -
			347 - -
			93 - -
			904 - -
			53 - -
			105 - -
			67 - -
			429 - -
			10,299 - -

THE ELDORADO CIGARETTE CO., LTD.  
BALANCE SHEET AS AT 31ST MARCH, 19..

531

## EXERCISE XV (E)—No. 10.

Item.	Side of Ledger.	REASON.
Bad Debts	Dr.	Are losses to the business, being transfers of DEBITS on personal accounts.
Cash	Dr.	Receipts should, ordinarily, exceed payments, hence a <i>Dr.</i> balance.
Goodwill	Dr.	Being a purchase for CASH, or other valuable consideration, is debited.
Reserve Fund	Cr.	Is represented by transfers from the CREDIT of the Profit and Loss Account.

## EXERCISE XV (E)—No. 11.

*Gross Profit* is, generally, understood to be the amount by which the SELLING price exceeds the PURCHASE or MANUFACTURING cost of that which is sold.

*Net Profit* is generally understood to be the amount by which the GROSS profit exceeds the selling, distribution, and administration expenses.

The advantages obtained by arriving at the GROSS profit periodically are—

(a) The management are assured that the cost is *less* than turnover.

(b) If the profit is small, it evidences the need of inquiry into price of material, or as to whether the selling price is fixed on a fair basis.

(c) If the profit is large, it may prove need for adjustment of selling price to induce further trade, as it does not necessarily follow that a large profit is a sign of good business. Prices may be prohibitive of future custom.

(d) Fluctuations in the GROSS profit point, generally, to the varying cost, or consumption of material, wages, etc., and indicate the need for inquiry into adjustment *re* cost and sale price accordingly.

## EXERCISE XV (E)—No. 12.

See form of Petty Cash Book on page 292 of *Advanced Accounts*, and under "Imprest System" on page 16.



## EXERCISE XV (E)—No. 13.

## JOURNAL

19..		£	s.	d.	£	s.	d.
Nov. 2	Henry Jones . . . . .	500	—	—			
	To Goods . . . . .				500	—	—
„ 6	Bills Receivable. . . . .	500	—	—			
	To Henry Jones . . . . .				500	—	—
Dec. 5	Bank . . . . .	495	16	8.			
	Discount (5% on £500 for 2 mos.) . . . . .		4	3			
	To Bills Receivable . . . . .				500	—	—
		£1,500	—	—	£1,500	—	—

*Note.*—Until date of maturity, discounted Bills will be stated in the Balance Sheet as under—

<i>Contingent Liability—</i>	£	s.	d.
Bills under Discount . . . . .	500	—	—

## EXERCISE XV (E)—No. 14.

(a) The amount of Capital stated in the Memorandum of Association. The item appears on the **LIABILITIES** side—entered short—of the Balance Sheet.

(b) Calls in Arrears are sums due from but not paid by the shareholders. The amount is shown as a deduction from issued and paid-up Capital. The item appears on the **LIABILITIES** side of the Balance Sheet.

(c) Loans to Limited Companies, secured by a mortgage on the property (or part of the property) of the Company. The item appears on the **LIABILITIES** side of the Balance Sheet.

(d) Preliminary Expenses are the “direct” expenses of a Company incidental to its formation, registration, incorporation, etc. They are regarded as Capital Expenditure, and appear on the **ASSETS** side of the Balance Sheet.

EXERCISE XV (E)—No. 15.

Dr.		TRADING AND PROFIT AND LOSS ACCOUNT FOR YEAR ENDED 31st DECEMBER, 19..				Cr.	
		£	s.	d.	£	s.	d.
To Purchases	.	.	.	.	49,000	—	—
" Wages	.	.	.	.	15,000	—	—
" Balance—Gross profit c/d	.	.	.	.	12,000	—	—
					76,000	—	—
					£		
To Debenture Interest	.	.	.	.	475	—	—
" Income Tax	.	.	.	.	25	—	—
" Office and General Repairs.	.	.	.	.	1,500	—	—
" Directors' Fees	.	.	.	.	300	—	—
" Discounts.	.	.	.	.	200	—	—
" Preliminary Expenses	.	.	.	.	500	—	—
" Depreciation—							
Buildings	.	400	—	—			
Machinery	.	1,000	—	—			
					1,400	—	—
					7,600	—	—
					£		
" Balance, Net Profit	.	.	.	.	12,000	—	—
					£		
					70,000	—	—
					6,000	—	—
					£		
					76,000	—	—
					12,000	—	—
					£		

EXERCISE XV (E)—No. 15 (contd.).

THE BRITISH MANUFACTURING CO., LTD.

BALANCE SHEET, 31st DECEMBER, 19..

CAPITAL AND LIABILITIES.		PROPERTY AND ASSETS.	
	£		£
Share Capital	40,000	Buildings	19,600
5% Debenture Stock	10,000	Machinery	24,000
Creditors	1,500	Stock	6,000
Income Tax unpaid	25	Debtors	6,000
<i>Profit and Loss Account—</i>		Cash in hand	3,525
Balance, 31st Dec.	7,600		
	£ 59,125		£ 59,125

EXERCISE XV (E)—No. 16.

See answer at end of *Advanced Accounts*.

EXERCISE XV (E)—No. 17.

Interest may be paid to shareholders during a non-revenue earning period, which interest may be capitalized and regarded as part of the cost of the Works under construction. The rate per cent must not exceed 6 per cent per annum. Payment of such interest is restricted to "the close of the half-year next after the half-year during which the works have been actually completed." See also *Advanced Accounts*, page 651 (under "Interest on Capital paid out of Capital").

EXERCISE XV (E)—No. 18.

Although it is permissible to so dispose of the Reserve Fund, it is not considered a correct procedure. Premiums on Shares are regarded as CAPITAL profits, and should be reserved for use in writing down capital losses, or for writing down intangible assets, such as Goodwill, Preliminary Expenses, etc.

## EXERCISE XV (E)—No. 19.

THE BRITISH  
APPLICATION AND

No. of Application.	NAME.	ADDRESS.	Occupation.	No. of Shares Applied for.	Amount Paid on Application.
					£ s. d.
1	Jones, John . . .	London . . . . .		10,000	1,250 — —
2	George, D. O. . .	Flint . . . . .		1,000	125 — —
3	Flynn, Sir Wm. . .	Dublin . . . . .		5,000	625 — —
4	Wing, Henry . . .	Dover . . . . .		5,000	625 — —
5	Sundry Persons . .			40,000	5,000 — —
				61,000	£7,625 — —

## EXERCISE XV (E)—No. 20.

SOLEIL  
APPLICATION AND

No. of Application.	NAME.	ADDRESS.	Occupation.	No. of Shares Applied for.	Amount Paid on Application.		
					£	s.	d.
1	Rheid, Robert . . .	16 Finsbury Circus, E.C. . .	Wool Broker	5,000	1,250	—	—
2	Dewey, George . . .	261 Low Pavement, Nottingham	Lace Manufacturer	1,000	250	—	—
3	Richmond, Robert . .	Eastwood, Essex . . .	Rose Grower	2,000	500	—	—
4	Veitch, Florence . . .	The Manse, Loamtown . . .	Spinster	100	25	—	—
				8,100	£2,025	—	—

## EXERCISE XV (E)—No. 21.

## BALANCE SHEET AS AT

CAPITAL AND LIABILITIES.				£	s.	d.	£	s.	d.
<i>Nominal Capital—</i>									
	200,000 6% Preference Shares of £1 each			200,000	—	—			
	300,000 Ordinary Shares of £1 each			300,000	—	—			
				£500,000	—	—			
<i>Paid-up Capital—</i>									
	100,000 6% Preference Shares of £1 each			100,000	—	—			
	200,000 Ordinary Shares of £1 each			200,000	—	—			
							300,000	—	—
	First Mortgage Debentures						75,000	—	—
	Mortgage on Freehold Land and Buildings (as contra)						20,000	—	—
	Reserve Fund						20,000	—	—
	County Bank for Overdraft						5,000	—	—
	Trade Creditors						60,000	—	—
	Profit and Loss Account (Balance)						15,000	—	—
							£495,000	—	—

## AERODROM CO., LTD.

## ALLOTMENTS BOOK (ORDINARY SHARES)

No. of Shares Allotted.	Distinctive Numbers.		S.L. Fo.	Amount Due on Application and Allotment.		Balance Due on Allotment.		Cash Paid on Allotment.		Cash Returned.		No. of Share Certificate.	Remarks.
	From.	To.		£	s. d.	£	s. d.	£	s. d.	£	s. d.		
5,000 Nil	1	5,000		2,500	- -	1,250	- -	1,250	- -				Letter of Regret No. 1
1,000	5,001	6,000		500	- -		- -		- -	125	- -		
4,000	6,001	10,000		2,000	- -	1,375	- -	1,375	- -	125	- -		
40,000	10,001	50,000		20,000	- -	15,000	- -	15,000	- -		- -		
50,000			£	25,000	- -	17,625	- -	17,625	- -	250	- -		

## D'OR, LTD.

## ALLOTMENTS BOOK (SHARES)

No. of Shares Allotted.	Distinctive Numbers.		S.L. Fo.	Amount Due on Application and Allotment.		Balance Due on Allotment.		Cash Paid on Allotment.		Cash Returned.		No. of Share Certificate.	Remarks.
	From.	To.		£	s. d.	£	s. d.	£	s. d.	£	s. d.		
5,000	1	5,000		2,500	- -	1,250	- -	1,250	- -				Letter of Regret No. 1
500	5,001	5,500		250	- -	Nil	- -		- -				
2,000	5,501	7,500		1,000	- -	500	- -	500	- -				
Nil					- -		- -		- -	25	- -		
7,500				£3,750	- -	£1,750	- -	£1,750	- -	£25	- -		

30TH SEPTEMBER, 19 .

PROPERTY AND ASSETS				£	s. d.	£	s. d.
Goodwill (at cost)						40,000	- -
Loose Plant and Tools (as valued by the Company's Manager)						35,000	- -
Patterns, (as valued by the Company's Manager)						15,000	- -
<b>Fixed Assets—</b>							
Freehold Land, at cost						20,000	- -
Buildings, at cost				39,000	- -		
Additions, at cost				2,000	- -		
						41,000	- -
Less Depreciation				1,000	- -	40,000	- -
Fixed Plant and Machinery, value as taken over by the Company				140,000	- -		
Additions, at cost				17,000	- -		
						157,000	- -
Less Depreciation				7,000	- -	150,000	- -
<b>Floating Assets—</b>							
Stock-in-Trade (as valued by the Company's Manager)						80,000	- -
Trade Debtors				110,000	- -		
Less Bad Debts Reserve, etc.				5,500	- -	104,500	- -
Preliminary Expenses						10,500	- -
						£495,000	- -

## EXERCISE XV (F)—No. 1.

*Dr.* REDEEMABLE PREFERENCE SHARE CAPITAL ACCOUNT *Cr.*

19.. June 30	To Sundry Members' Account	£ 50,000	19.. June 30	By Balance	b/d	£ 50,000
-----------------	----------------------------	-------------	-----------------	------------	-----	-------------

*Dr.* PROFIT AND LOSS ACCOUNT *Cr.*

19.. June 30	To Sundry Members' Account— Premium on Redemption of Redeemable Preference Shares	£ 5,000	19.. June 30	By Balance	b/d	£ 60,000
	„ Capital Redemption Reserve Fund	50,000				
	„ Balance	5,000				
		£60,000				£60,000
			19.. July 1	By Balance	b/d	5,000

*Dr.* SUNDRY MEMBERS (REDEEMABLE PREFERENCE SHARES) ACCOUNT *Cr.*

19.. June 30	To Bank	£ 55,000	19.. June 30	By Redeemable Preference Share Capital Account	£ 50,000
				„ Profit and Loss Account	
				Premium of 2s. per Share on Redemption	5,000
		£55,000			£55,000

*Dr.* CAPITAL REDEMPTION RESERVE FUND *Cr.*

19.. June 30	By Profit and Loss Account	£ 50,000
	Amount transferred in respect of redemption of Redeemable Preference Shares	

## (SUMMARY) BALANCE SHEET AS AT 30TH JUNE, 19 .

<i>Liabilities</i>	£	<i>Assets</i>	£
Nominal Capital	?	Sundry Assets	200,000
Capital Issued and Subscribed— 100,000 Ordinary Shares of £1 each, fully paid	100,000	Bank Balance (£85,000 - £55,000)	30,000
50,000 Redeemable Preference Shares of £1 each, fully paid	£50,000		*
Less Redeemed	50,000		
Capital Redemption Reserve Fund	50,000		
Sundry Creditors	75,000		
Profit and Loss Account	5,000		
	£230,000		£230,000

## EXERCISE XV (F)—No. 3.

## 6% REDEEMABLE PREFERENCE SHARE CAPITAL ACCOUNT

Dr.						Cr.
19..			£	19..		£
Sept. 1	To Members' Account	£200,000		Sept. 1	By Balance	£200,000

Dr.						Cr.
19..		£	19..		£	
Sept. 1	To Cash	£200,000		Sept. 1	By 6% Redeemable Preference Share Capital Account.	£200,000

Dr.						Cr.
19..				19..		
Sept. 1	To Application and Allotment inclg. Premium	£112,500		Sept. 1	By Members' Account	£200,000

Dr.						Cr.
				19..		£
				Sept. 1	By General Reserve Fund.	£87,500*

Dr.						Cr.
19..		£	19..		£	
Sept. 1	To Capital Redeemed.	87,500		Sept. 1	By Balance	125,000
	" Reserve Account Balance	37,500				
	c/d	£125,000				£125,000
				Sept. 1	By Balance	b/d 37,500

Dr.						Cr.
				19..		
				Sept. 1	By Application and Allotment	£75,000

Dr.						Cr.
19..			19..		£	
Sept. 1	To 5% Preference Share Capital	75,000		Sept. 1	By Bank Account	112,500
	" Premium on Shares Account	37,500				
		£112,500				£112,500

Dr.						Cr.
				19..		£
				Sept. 1	By Application and Allotment Account	£37,500

\* Nominal Value of Shares Redeemed : : : : £200,000  
 Less Cash for New Shares (including Premium) : : : : 112,500  
 £87,500

## EXERCISE XV (F)—No. 4.

## REDEEMABLE PREFERENCE SHARE CAPITAL ACCOUNT

<i>Dr.</i>				<i>Cr.</i>			
19.. Mar. 31	To Preference Capital Redemption Account . . .	£	s. d.	19.. Mar. 31	By Balance . . .	£	s. d.
		£6,000	- -			£6,000	- -

<i>Dr.</i>				PROFIT AND LOSS ACCOUNT				<i>Cr.</i>			
19.. Mar. 31	To Capital Redemption Reserve Fund . . .	£	s. d.	19.. Mar. 31	By Balance . . .	£	s. d.				
	„ Preference Capital Redemption Account . . .	6,000	- -			11,500	- -				
	Premium of 2s. a share on 6,000 shares . . .										
		600	- -								

<i>Dr.</i>				CAPITAL REDEMPTION RESERVE FUND				<i>Cr.</i>			
				19.. Mar. 31	By Profit and Loss Account . . .	£	s. d.				
						6,000	- -				

<i>Dr.</i>				PREFERENCE CAPITAL REDEMPTION ACCOUNT				<i>Cr.</i>			
19.. Mar. 31	To Bank . . .	£	s. d.	19.. Mar. 31	By Redeemable Preference Share Capital Account . . .	£	s. d.				
		6,600	- -		Profit and Loss Account—	6,000	- -				
					Premium on Redemption of Redeemable Preference Shares . . .						
						600	- -				
		£6,600	- -			£6,600	- -				

<i>Dr.</i>				BANK				<i>Cr.</i>			
				19.. Mar. 31	By Preference Capital Redemption Account . . .	£	s. d.				
						6,000	- -				



## EXERCISE XV (F)—No. 5.

BALANCE SHEET OF BROWN, JONES, & SMITH,  
AS AT 31st MARCH, 1937

LIABILITIES AND CAPITAL				ASSETS			
	£	s.	d.		£	s.	d.
Creditors . . . . .			1,917	Cash . . . . .	1,396		
Andrews: Loan Account . . . . .			5,450	Debtors . . . . .	3,721		
Capital Accounts—				Stock . . . . .	5,600		
Brown . . . . .	8,390			Fixed Assets . . . . .	9,600		
Jones . . . . .	7,260			Goodwill . . . . .	4,700		
Smith . . . . .	2,000						
			17,650				
			<u>£25,017</u>		<u>£25,017</u>		

## EXERCISE XV (F)—No. 6.

The exception to the rule of converting all items at the fixed rate of 2s. 4d. is that remittances must be converted at the actual rate prevailing when cashed so as to give the actual amount realized. The sterling value of the Head Office Account in the Branch Trial Balance must be taken at the value brought forward from the last balancing.

The bill of exchange drawn on London will be treated as a remittance in transit. The Branch will have credited the Head Office with the bill, but Head Office will not have made any entry. It will, therefore, be necessary for Head Office to debit Branch Account and credit Remittance in Transit Account.

## EXERCISE XV (F)—No. 7.

When an item of expenditure fluctuates heavily from one year to another, the annual charge against profits may be levelled by debiting Profit and Loss Account with a fixed annual sum and crediting a Reserve Account with the same amount, and charging the actual expenses each year to the Reserve Account instead of to the Profit and Loss Account. The balance of the Reserve Account, when closing the books at the end of each year, is carried to the Balance Sheet. A well-known example of a reserve of this nature is a Repairs Equalization Reserve, of which the following is an example—

## Dr. REPAIRS EQUALIZATION RESERVE ACCOUNT Cr.

Year		£	s.	d.	Year		£	s.	d.
1	To Repairs Account . . . . .	76	8		1	By Profit and Loss Account . . . . .	150		
	„ Balance. . . . . c/d	73	12						
		<u>£150</u>					<u>£150</u>		
2	To Repairs Account . . . . .	250			2	By Balance . . . . . b/d	73	12	
						„ Profit and Loss Account . . . . .	150		
						„ Balance. . . . . c/d	26	8	
		<u>£250</u>					<u>£250</u>		
	To Balance. . . . . b/d	26	8		3	By Profit and Loss Account . . . . .	150		
	„ Balance. . . . . c/d	123	12						
		<u>£150</u>					<u>£150</u>		
4	To Repairs Account . . . . .	84	12		4	By Balance . . . . . b/d	123	12	
	„ Balance. . . . . c/d	189				„ Profit and Loss Account . . . . .	150		
		<u>£273</u>	12				<u>£273</u>	12	
					5	By Balance . . . . . b/d	189		

## EXERCISE XV (F)—No. 8.

Dr.		GOODWILL		Cr.	
19..			19..		
June 30	To Balance . . . b/d	£ 1,000	June 30	By Dissolution Account . . . 13	£ 1,000

Dr.		OFFICE FURNITURE		Cr.	
19..			19..		
June 30	To Balance . . . b/d	£ 219	June 30	By Dissolution Account . . . 13	£ 219

Dr.		SUNDRY DEBTORS		Cr.	
19..			19..		
June 30	To Balance . . . b/d	£ 1,405	June 30	By Dissolution Account . . . 13	£ 1,405

Dr.		WORK IN PROGRESS		Cr.	
19..			19..		
June 30	To Balance . . . b/d	£ 1,482	June 30	By Dissolution Account . . . 13	£ 1,482

Dr.		CASH ACCOUNT		Cr.	
19..			19..		
June 30	To Balance . . . b/d	£ 919	June 30	By Sundry Creditors . . . 1	£ 192
	" Fowler— Capital Account . . . 11	64		" Munday— Capital Account . . . 7	182
				" Jones— Capital Account . . . 9	609
		£983			£983

Dr.		SUNDRY CREDITORS		Cr.	
19..			19..		
June 30	To Cash . . . 5	£ 192	June 30	By Balance . . . b/d	£ 192

Dr.		MUNDAY, CAPITAL ACCOUNT		Cr.	
19..			19..		
June 30	To Halt Goodwill . . . 13	2,058	June 30	By Balance . . . b/d	£ 1,500
	" Furniture . . . 13	219		" Current Account . . . 8	721
	" Debtors . . . 13	660		" Share of Profit on Dissolution . . . 13	1,740
	" Work in Progress . . . 13	842			
	" Cash . . . 5	182			
		£3,961			£3,961

Dr.		MUNDAY, CURRENT ACCOUNT		Cr.	
19..			19..		
June 30	To Capital Account . . . 7	£ 721	June 30	By Balance . . . b/d	£ 721

## EXERCISE XV (F)—No. 8 (contd.)

Dr.				JONES, CAPITAL ACCOUNT				Cr. 9	
19..			£	19..			£		
June 30	To Quarter Goodwill	13	1,029	June 30	By Balance . . . b/d		1,500		
	" Debtors . . .	13	472		" Current Account . . .	10	236		
	" Work in Progress . . .	13	931		" Share of Profit on Dissolution . . .	13	1 305		
	" Cash . . .	5	609						
			<u>£3,041</u>						<u>£3,041</u>

Dr.				JONES, CURRENT ACCOUNT				Cr. 10	
19..			£	19..			£		
June 30	To Capital Account . . .	9	236	June 30	By Balance . . . b/d		236		
			<u>236</u>						<u>236</u>

Dr.				FOWLER, CAPITAL ACCOUNT				Cr. 11	
19..			£	19..			£		
June 30	To Quarter Goodwill . . .	13	1,029	June 30	By Balance . . . b/d		500		
	" Debtors . . .	13	221		" Current Account . . .	12	354		
	" Work in Progress . . .	13	538		" Share of Profit on Dissolution . . .	13	870		
			<u>£1,788</u>		" Cash . . .	5	64		
									<u>£1,788</u>

Dr.				FOWLER, CURRENT ACCOUNT				Cr. 12	
19..			£	19..			£		
June 30	To Capital Account . . .	11	354	June 30	By Balance . . . b/d		354		
			<u>354</u>						<u>354</u>

Dr.				DISSOLUTION ACCOUNT				Cr. 13	
19..			£	19..			£		
June 30	To Goodwill . . .	1	1,000	June 30	By Munday—				
	" Office Furniture . . .	2	219		Half of Goodwill . . .	7	2,058		
	" Sundry Debtors . . .	3	1,403		" Jones—				
	" Work in Progress . . .	4	1,462		Quarter of Goodwill . . .	9	1,029		
	" Profit on Dissolution: . . .				" Fowler—				
	Munday . . .	7	1,740		Quarter of Goodwill . . .	11	1,029		
	Jones . . .	9	1,305		" Munday—				
	" Fowler . . .	11	870		Office Furniture . . .	7	219		
					" Munday—				
					Debtors . . .	7	660		
					" Jones—				
					Debtors . . .	9	472		
					" Fowler—				
					Debtors . . .	11	221		
					" Munday—				
					Work in Progress . . .	7	842		
					" Jones—				
					Work in Progress . . .	9	931		
					" Fowler—				
					Work in Progress . . .	11	538		

## EXERCISE XV (F)—No. 9.

FARNDALE & MACLEOD, LTD.

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st Jan. . . . .									
" Purchases . . . . .				3,560					
" Carriage Inwards . . . . .				21,049					
" Wages . . . . .	10,747			74					
" Add Wages due . . . . .	500								
" Balance, Gross Profit c/d . . . . .				11,247					
				8,944					
				44,874					
To Bad Debts . . . . .									
" Salaries . . . . .				272					
" Carriage Outwards . . . . .				1,020					
" Insurance . . . . .	87			119					
" Less Amount prepaid . . . . .	12								
Postages and Telegrams . . . . .				75					
" Rates, Taxes, etc. . . . .				43					
" Office Wages . . . . .				482					
" Advertising . . . . .				389					
" Repairs to Plant and Machinery . . . . .				58					
" Discounts Allowed . . . . .				61					
" Debiture Interest (£ yr. to 30th June, less Tax)	141	5		2,474	15				
" Add Debiture Interest accrued (£ year to 31st Dec., less Tax)	141	5							
Directors' Fees . . . . .				282	10				
" Advertising Places (£ of £600 written off)				200					
" Discount Reserve on Debtors (24% of £11,650 - £125)				288	2	6			
Bad Debts Reserve (amount provided).				125					
Depreciation—									
Office Furniture (5% of £65)		3	5						
Plant and Machinery <sup>1</sup>	565								
Leasehold Premises (1% of £30,500).	305								
Balance, Net Profit . . . . .				873	5				
				2,339	12	6			
				£9,302	5				

4 5% of £11,000; plus 5% of £600 for 1 year.

EXERCISE XV (F)—No. 9 (contd.).

FARNDALF & MACLEOD, LTD.

BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.		PROPERTY AND ASSETS.	
	£	£	£
<i>Nominal Capital—</i>			
75,000 Shares of £1 each	75,000	30,500	30,195
<i>Issued Capital—</i>			
75,000 Shares of £1 each, 15/- called	56,250	11,600	11,035
Less 500 Shares Forfeited.	375	565	
	55,875	65	
Less Calls in Arrears	75	3	61 15
<i>6% Debentures—</i>			
500 Bonds of £10 each.		600	400
Debiture Interest accrued		200	10,000
Forfeited Shares Account			4,174
Reserve Fund			
Bank Overdraft		11,650	
Sundry Creditors	1,250		
Less Discount Reserve	31	413	
			11,236 17 6
Wages Outstanding			10
<i>Profit and Loss Account—</i>			12
Current Year's Profit	2,339 12 6		
Less Loss from previous year	100		
			67,124 12 6

EXERCISE XV (F)—No 10.

Dr.

REALIZATION ACCOUNT

Cr.

19..	To Sundry Assets .				19..	By Dr.		£	s.	d.	£	s.	d.
							North Kensington Debtors .	2,682	—	—			
							Furniture .	125	—	—			
							South Kensington Debtors .				2,807		
											2,087		
											£4,894		

EXERCISE XV (F)—No. 10 (contd.).

PROFIT AND LOSS ADJUSTMENT ACCOUNT

PROFIT AND LOSS ADJUSTMENT ACCOUNT										Cr.			
Dr.	19..	To Interest Account— A, 5% of £2,500 for 1 yr. B, 5% of £1,500 for 1 yr. C, 5% of £1,200 for 1 yr.			£	s.	d.	By Balance			£	s.	d.
			125	—	—	—	—	—			3,460	—	—
			75	—	—	—	—	—					
			60	—	—	—	—	—					
			1,600	—	—	—	—	—					
			800	—	—	—	—	—					
			800	—	—	—	—	—					

CASH ACCOUNT

CASH ACCOUNT										Cr.	
Dr.									£.	s.	d.
19..	To Balance	.	.	.	19..	£	s.	d.	£.	s.	d.
						1,500	—	—	500	—	—
									500	—	—
									500	—	—
									1,500	—	—
						£1,500	—	—	£1,500	—	—





## EXERCISE XV (F)—No. II.

## APPLICATION AND ALLOT

No. of Application.	Date of Application.	NAME.	ADDRESS.	Occupation.	No. of Shares Applied for.	Amount Paid on Application.		
	19.					£	s.	d.
1	Jan.	2 Lucas, Thomas O.	62 Cold Harbour Lane, Bedford	Baker	2,500	625	-	-
2	"	2 Allen, Percy F.	Park Gates Mansion, Framley	Gentleman	10,000	2,500	-	-
3	"	3 Simpson, Albert R.	164 High Road, Burnham	Clerk	120	30	-	-
4	"	3 Roberts, George T.	24 Keble St., Tooting Graveney, S.W.	Barrister	1,800	450	-	-
5	"	4 Peters, Henry	84 High Street, Merton, London	Butcher	4,500	1,125	-	-
6	"	4 Greenham, Arthur O.	Leethorpe Road, Cardiff	Coal Merchant	5,000	1,250	-	-
7	"	5 Smithers, James	Park Farm, Brimsley	Farmer	3,500	875	-	-
8	"	5 Thompson, Edward E.	72 Shingle Street, Burton	Brewer	1,600	400	-	-
9	"	6 Martin, Frederick P.	169 Tonge Road, Kealey	Clerk	2,500	625	-	-
10	"	6 Short, Samuel	72 Moreton Road, Piccadilly, W.	Stockbroker	150	37	10	-
11	"	7 Ruthven, Philip J.	29 Lake Street, Bashton	Grocer	2,000	500	-	-
12	"	8 Barnard, Rufus O.	15 Lipton Mansions, Thornton Heath	Major	5,500	1,375	-	-
					39,170	£9,792	10	-

## SHAREHOLDERS' CASH

Date.	Receipts.	S.L. Fo.	Amount.	Date.	Payments.	S.L. Fo.	Amount.
19..			£ s. d.	19..			£ s. d.
Jan. 2	To Application Account—			Jan. 15	By Application Account—		
" 2	Lucas, T. O. . . . .		625 - -	" 15	Simpson, A. R. . . . .		30 - -
" 2	Allen, P. F. . . . .		2,500 - -	" 15	Short, S. . . . .		37 10 -
" 3	Simpson, A. R. . . . .		30 - -	" 15	" Balance . . . c/f		9,725 - -
" 3	Roberts, G. T. . . . .		450 - -				
" 4	Peters, H. . . . .		1,125 - -				
" 4	Greenham, A. O. . . . .		1,250 - -				
" 5	Smithers, J. . . . .		875 - -				
" 5	Thompson, E. E. . . . .		400 - -				
" 6	Martin, F. . . . .		625 - -				
" 6	Short, S. . . . .		37 10 -				
" 7	Ruthven, P. J. . . . .		500 - -				
" 8	Barnard, R. O. . . . .		1,375 - -				
			£9,792 10 -				£9,792 10 -

## MENTS BOOK (PREFERENCE SHARES)

No. of Shares Allotted.	Distinctive Numbers.		S.L. Fo.	Amount Due on Application and Allotment.		Balance Due on Allotment.		Amount Paid on Allotment.		Cash Returned.		No. of Share Certificate.	Remarks.
	From	To		£	s. d.	£	s. d.	£	s. d.	£	s. d.		
2,000	50,001	52,000		1,000	- -	375	- -	375	- -				
6,000	52,001	58,000		3,000	- -	500	- -	500	- -				
Nil										30	- -		Letter of Regret No. 3
1,500	58,001	59,500		750	- -	300	- -	300	- -				
3,500	59,501	63,000		1,750	- -	625	- -	625	- -				
4,000	63,001	67,000		2,000	- -	750	- -	750	- -				
3,000	67,001	70,000		1,500	- -	625	- -	625	- -				
1,500	70,001	71,500		750	- -	350	- -	350	- -				
2,000	71,501	73,500		1,000	- -	375	- -	375	- -				
Nil										37	10 -		Letter of Regret No. 4
1,500	73,501	75,000		750	- -	250	- -	250	- -				
5,000	75,001	80,000		2,500	- -	1,125	- -	1,125	- -				
30,000			£	15,000	- -	£5,275	- -	£5,275	- -	£67	10 -		

## BOOK (PREFERENCE SHARES)

Date.	Receipts.	S.L. Fo.	Amount.	Date.	Payments.	S.L. Fo.	Amount.
19..			£	19..			£
Jan. 15	To Balance . . . b/d		9,725	Jan. 20	By Transfer to General Cash Book . . .		15,000
" 20	" Allotment Account—						
	Lucas, T. O. . . . .		375				
	Allen, P. F. . . . .		500				
	Roberts, G. T. . . . .		300				
	Peters, H. . . . .		625				
	Greenham, A. O. . . . .		750				
	Smithers, J. . . . .		625				
	Thompson, E. E. . . . .		350				
	Martin, F. . . . .		375				
	Ruthven, P. J. . . . .		250				
	Barnard, R. O. . . . .		1,125				
		£	15,000			£	15,000

## EXERCISE XV (F)—No. 12.

## CALL BOOK

First Call of 5s. per share made

S.L. Fo.	NAME.	ADDRESS.	No. of Shares Held.	Amount Due.		
				£	s.	d.
	Barnard, R. O. .	15 Lipton Mansions, Thornton Heath .	5,000	1,250	—	—
	Ruthven, P. J. .	29 Lake Street, Bashton . . . .	1,500	375	—	—
	Martin, F. P. .	169 Tonge Road, Kealey . . . .	2,000	500	—	—
	Thompson, E. E. .	72 Shingle Street, Burton . . . .	1,500	375	—	—
	Smithers, J. .	Park Farm, Brimsley . . . .	3,000	750	—	—
	Greenham, A. O. .	Leethorpe Road, Cardiff . . . .	4,000	1,000	—	—
	Peters, H. .	84 High Street, Merton, S.W. . . .	3,500	875	—	—
	Allen, O. F. .	Park Gates Mansion, Framley . . . .	6,000	1,500	—	—
	Lucas, T. O. .	62 Cold Harbour Lane, Bedford . . . .	2,000	500	—	—
	Roberts, G. T. .	24 Keble Street, Tooting Graveney . . . .	1,500	375	—	—
			30,000	£7,500	—	—

(PREFERENCE SHARES)

May 5th and payable by May 20th

Amount Paid.			ARREARS.			Calls Paid in Advance.			Remarks.
			Amount.	Days.	Interest.				
£	s.	d.	£	s.	d.	£	s.	d.	
1,250	—	—							
375	—	—							
250	—	—	250	—	31	1	1	3	Paid June 20th Subject to 5% Interest
750	—	—							
750	—	—				375	—	—	
500	—	—	500	—	31	2	2	6	Paid June 20th
875	—	—							
1,500	—	—							
500	—	—							
Nil	—	—	375	—	31	1	11	10	Forfeited June 25th
£6,750	—	—	£1,125	—	—	£4	15	7	
						£375	—	—	

## SHAREHOLDERS' CASH BOOK

(PREFERENCE SHARES)

Date.	Receipts.	Fo.	Amount.	Date.	Payments.	Fo.	Amount.
			£ s. d.				£ s. d.
19..			£	19..			£
May 8	To First Call Account—			May 20	By Transfer to General		
" 8	Barnard, R. O. . . . .		1,250		Cash Book . . . . .		6,750
" 10	Ruthven, P. J. . . . .		375				—
" 12	Martin, F. P. . . . .		250				—
" 13	Thompson, E. E. . . . .		750				—
" 14	Smithers, J. . . . .		750				—
" 16	Greenham, A. O. . . . .		500				—
" 17	Peters, H. . . . .		875				—
" 19	Allen, P. F. . . . .		1,500				—
" 20	Lucas, T. O. . . . .		500				—
			£6,750				£6,750
June 20	To First Call Account—			June 20	By Transfer to General		
" "	Martin, F. P. . . . .		250		Cash Book . . . . .		753
" "	Greenham, A. O. . . . .		500				3
" "	" Interest Account—						9
" "	Martin, F. P. . . . .		2				—
" "	Greenham, A. O. . . . .		1				—
			£753				£753
							3
							9

## EXERCISE XV (F)—No. 13.

## REGISTER OF TRANS

No. of Transfer.	Date Trans- fer Regis- tered.	TRANSFEROR'S					
		S.L. Fo.	NAME.	ADDRESS.	Occupation.	S.L. Fo.	NAME.
19..							
1	June 23		Lake, R. T. .	16 Bradford Road, Leeds	Solicitor		Locksley, N. P. .
2	July 13		Lake, R. T. .	16 Bradford Road, Leeds	Solicitor		
3	Aug. 2						Bullen, F. T. .
4	Sept. 15	}	Silverlock, J. P. .	Clerc Park, Winthorpe .	Gentleman	}	Finchley, Arthur .
5	Nov. 18						Penwith, Robt. T. .
6	Dec. 12						

## FERS (ORDINARY SHARES)

TRANSFEREE'S		SHARES TRANSFERRED.				No. of New Certificate.		Remarks.
ADDRESS.	Occupation.	No. of Shares.	Distinctive Numbers.		Amount Paid up.			
			From.	To.				
125 Coldthorpe Ave., Brixton	Surveyor	200	1	200	£	s.	d.	
		500	201	700	150	—	—	
12 Luke Street, Bexley	Solicitor	1,000	24,501	25,500	375	—	—	
		300	25,501	25,800	750	—	—	
11 Jupiter Street, Yeovil	Solicitor	500	25,801	26,300	225	—	—	
11 Tower Street, Bermondsey	Leather Merchant	500	26,301	26,800	375	—	—	

## EXERCISE XV (F)—No. 14.

## JOURNAL

		£	s.	d.	£	s.	d.
19..							
Jan. 31	Stock . . . . .	50,000	—	—			
	Sundry Debtors . . . . .	40,000	—	—			
	Cash at Bank . . . . .	5,000	—	—			
	Fixtures, etc. . . . .	2,000	—	—			
	Leasehold Premises . . . . .	3,000	—	—			
	Goodwill . . . . .	12,000	—	—			
	To Sundry Creditors . . . . .				12,000	—	—
	„ Vendors' Account . . . . .				100,000	—	—
		<u>£112,000</u>	—	—	<u>£112,000</u>	—	—

Dr.

## BANK ACCOUNT

Cr.

	£	s.	d.		£	s.	d.
19..				19..			
	To Balance . . . . .	5,000	—		By Vendor . . . . .	100,000	—
	„ Shareholders. . . . .	50,000	—		„ Balance c/d . . . . .	5,000	—
	„ Debenture-holders. . . . .	50,000	—				
		<u>£105,000</u>	—			<u>£105,000</u>	—

Dr.

## VENDORS' ACCOUNT

Cr.

	£	s.	d.		£	s.	d.
19..				19..			
	To Cash . . . . .	100,000	—		By Sundries . . . . .	100,000	—

## EXERCISE XV (F)—No. 14 (contd.).

<i>Dr.</i>				SUNDRY SHAREHOLDERS				<i>Cr.</i>			
19..	To Share Capital	£	50,000	s.	d.	19..	By Cash	£	50,000	s.	d.

<i>Dr.</i>				DEBENTURE HOLDERS				<i>Cr.</i>			
19..	To Debentures	£	50,000	s.	d.	19..	By Cash	£	50,000	s.	d.

<i>Dr.</i>				SHARE CAPITAL ACCOUNT				<i>Cr.</i>			
				19..	By Shareholders	£	50,000	s.	d.		

<i>Dr.</i>				DEBENTURES				<i>Cr.</i>			
				19..	By Debenture-holders	£	50,000	s.	d.		

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Bank Account . . . . .	5,000	—	—			
Stock . . . . .	50,000	—	—			
Sundry Debtors . . . . .	40,000	—	—			
Fixtures, etc. . . . .	2,000	—	—			
Leasehold Premises . . . . .	3,000	—	—			
Goodwill . . . . .	12,000	—	—			
Sundry Creditors . . . . .				12,000	—	—
Share Capital Account . . . . .				50,000	—	—
Debentures . . . . .				50,000	—	—
	£112,000	—	—	£112,000	—	—



## EXERCISE XV (F)—No. 15.

## CONVERTED RANGOON TRIAL BALANCE

	Rate of Ex- change.						
		£	s.	d.	£	s.	d.
Cash at Bank . . . . .	All at 1/4	12,358	3	1			
Cash in hand . . . . .		1,284	12	8	17,938	1	10
London Account . . . . .					5,018	19	10
General Reserves . . . . .							
Stocks . . . . .		21,839	13	7			
Advances to Natives . . . . .		15,000	-	-			
Buildings, etc.. . . . .		3,085	7	8			
Sundry Debtors . . . . .		5,864	5	1			
Payments in Advance . . . . .		200	-	-			
Reserve for Bad Debts . . . . .					133	6	8
Sundry Creditors . . . . .					36,541	13	9
		£ 59,632	2	1	59,632	2	1

## HEAD OFFICE TRIAL BALANCE (ADJUSTED)

	£	s.	d.	£	s.	d.
Bills Receivable . . . . .	2,000	-	-			
Investments . . . . .	14,000	-	-			
Stocks . . . . .	600	-	-			
Sundry Debtors . . . . .	3,000	-	-			
Payments in Advance . . . . .	500	-	-			
Properties . . . . .	25,000	-	-			
Profit and Loss (Balance) . . . . .	21,200	-	-			
Rangoon Account . . . . .	17,938	1	10			
Goods in Transit Account . . . . .	821	18	2			
Cash at Bank . . . . .	3,500	-	-			
Cash . . . . .	40	-	-			
Share Capital . . . . .				70,000	-	-
Bills Payable . . . . .				5,500	-	-
General Reserves . . . . .				8,000	-	-
Reserve for Debtors . . . . .				100	-	-
Sundry Creditors . . . . .				5,000	-	-
	£ 38,600	-	-	88,600	-	-



## EXERCISE XV (F)—No. 16

## THE CALL MANUFACTURING CO., LTD.

## TRADING AND PROFIT AND LOSS ACCOUNT

Dr.

FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

	£	s.	d.		£	s.	d.		£	s.	d.
To Stock, 1 Jan. . . . .				3,714	19	—		By Sales . . . . .	20,314	17	10
„ Purchases . . . . .	10,617	15	4					Less Returns . . . . .	307	12	9
„ Less Returns Outward . . . . .	196	19	5					„ Stock, 31st Dec. . . . .	4,402	1	5
				10,420	15	11					
„ Manufactg. Wages . . . . .				6,901	1	9					
„ Manufactg. Expenses . . . . .				192	—	4					
„ Carriage Inwards . . . . .				471	10	4					
„ Factory Fuel and power . . . . .				172	19	5					
Balance, Gross Profit c/d . . . . .				2,535	19	9					
	£			24,409	6	6			£	24,409	6 6

## EXERCISE XV (F)—No. 16 (contd.)

## THE CALL MANUFACTURING CO., LTD.

## TRADING AND PROFIT AND LOSS ACCOUNT (contd.).

Dr.

FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

	£	s.	d.		£	s.	d.		£	s.	d.
To Rates, Taxes, and Insurance . . .	472	10	7					By Trading Account, Gross Profit b/d	2,535	19	9
Less amt. prepaid	5	10	6					" Rent, sub-let . .	25	—	—
				467	—	1		" Transfer Fees . .		2	6
" Office and Manage't Salaries . . .				1,292	10	6		" Discount . . .	14	7	3
" Office Expenses . .				217	14	11		" Bal., NET Loss .	417	5	—
" Carriage Outwards .				314	—	11					
" Lighting & Heating				74	16	1					
" Audit Fees and Legal Expenses .				124	4	9					
" Travelling Expenses				96	4	11					
" Repairs . . .				89	14	9					
" Provision for Bad Debts Reserve . .	430	17	3								
Less Bal., 1st Jan.	315	9	4								
				115	7	11					
" Depreciation—Plant and Mach. (10% of £1,942 13s. 4d.) . .	194	5	4								
Furniture and Fittings (5% of £134 6s. 8d.) .	6	14	4								
				200	19	8					
				£2,992	14	6			£2,992	14	6

## THE CALL MANUFACTURING CO., LTD.

## BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES				PROPERTY AND ASSETS					
	£	s.	d.	£	s.	d.	£	s.	d.
<i>nominal Capital—</i>									
20,000 Ordinary Shares							3,200	—	—
of £1 each . . . . .	20,000	—	—						
<i>Issued Capital—</i>									
16,000 Ordinary Shares									
of £1 each, fully called	16,000	—	—						
Less Calls in Arrear	250	—	—						
							1,748	8	—

# EXERCISE XV (F)—No. 17.

The invoices for drums received will be recorded in an analysed Purchase Day Book, containing a money column and a number column for drums bought. The individual invoice totals should be posted to the credit of the accounts of the respective suppliers, and the total of the drums column to the debit of the Drums Account. On the issue of drums the charge therefor should be included in the invoice, and entered in the Sales Day Book, having two analysis columns in addition to the regular ones. These two columns should be used to analyse the charge for goods and for drums, and provision should be made for a column giving facilities for ascertaining the total number of drums issued. The Returns Inwards Book should be analysed in the same way as the Sales Day Book. The respective drums columns totals in these two books should be posted to the credit and debit of the Drums Account. This Account would then appear as follows—

## Dr. Cr DRUMS ACCOUNT

		No. of Drums	Price	Value		No. of Drums	Price	Value
19. 1	To Stock in Works—			£				£
Jan	Second-hand Drums	4,000	4/-	800	By Reserve against Debtors	1,000	6/-	300
	New Drums	1,000	5/6	275	" Drums invoiced to Customers	7,000		2,100
	Stock in Customers' Hands	1,000	4/-	200	" Stock in Works—			
June 30	Purchases	10,000	5/6	2,750	Second-hand Drums	8,000	4/-	1,600
	Drums returned by Customers	6,000	6/-	1,800	New Drums	2,000	5/6	550
	Reserve against Debtors	2,000		600	" Stock in Customers' Hands	2,000	4/-	400
					Profit and Loss Account	4,000		1,475
				£6,425				
						24,000		£6,425

It will be necessary at balancing time to adjust the sundry debtors to their net value for goods sold, by debiting the Drums Account with the drums in their hands at 6s. each, carrying down the £600, and deducting this figure from the gross debtors in the Balance Sheet. The value of the drums in the hands of debtors must then be taken into the Drums Account as stock at a valuation, and their value shown in the Balance Sheet as stock of drums in the hands of customers.

## EXERCISE XV (G)—No. 1.

## JOURNAL

	£	s.	d.	£	s.	d.
Business Purchase Account . . . . .	20,000	—	—			
To Vendor . . . . .				20,000	—	—
Purchase price of business						
Freehold Property . . . . .	5,500	—	—			
Plant and Machinery . . . . .	2,000	—	—			
Stock . . . . .	7,000	—	—			
Office Furniture . . . . .	200	—	—			
A. Arnold . . . . .	450	—	—			
N. Norman . . . . .	550	—	—			
Goodwill . . . . .	5,550	—	—			
To Business Purchase Account.				21,250	—	—
Being sundry assets taken over.						
Business Purchase Account . . . . .	1,200	—	—			
To K. Kirkdale . . . . .				700	—	—
„ N Norton . . . . .				500	—	—
Being creditors taken over.						
Business Purchase Account . . . . .	50	—	—			
To Bad Debts Reserve . . . . .				50	—	—
Reserve for bad debts created						
Vendor . . . . .	20,000	—	—			
To Ordinary Share Capital A/c				10,000	—	—
„ Preference Share Capital A/c				5,000	—	—
„ Bank				5,000	—	—
Being shares and cash paid in discharge of purchase price.						
	<u>£62,500</u>	—	—	<u>£62,500</u>	—	—

## EXERCISE XV (G)—No. 2.

## JOURNAL

	£	s.	d.	£	s.	d.
Business Purchase Account . . .	40,000	—	—			
To Liquidator of old company . .				40,000	—	—
Agreed price of business as per contract dated . . .						
Liquidator of old company . . .	40,000	—	—			
To Ordinary Share Capital Account				40,000	—	—
40,000 fully paid £1 shares issued in satisfaction of purchase price of business as per contract dated . . .						
Business Purchase Account . . .	26,107	—	—			
To Sundry Creditors . . .				24,725	—	—
To Reserve for Bad Debts . . .				1,382	—	—
Creditors taken over and bad debts reserve of old company continued.						
Patents and Trade Mark . . .	6,003	—	—			
Plant and Machinery . . .	21,674	—	—			
Stock . . .	15,306	—	—			
Sundry Debtors . . .	23,124	—	—			
To Business Purchase Account . .				66,107	—	—
Transfer of assets acquired under contract dated . . .						
	<u>£172,214</u>	<u>—</u>	<u>—</u>	<u>£172,214</u>	<u>—</u>	<u>—</u>

TRADING AND PROFIT AND LOSS ACCOUNTS OF GEORGE RIDLEY, LTD.,  
FOR THE YEAR ENDED 31st MARCH, 1937

565

1





# **EXERCISE XV (G)—No. 4.**

## **ORDINARY SHARE CAPITAL ACCOUNT**

<i>Dr.</i>	<i>Cr.</i>			
	£	s.	d.	£ s. d.
To Capital Reduction Account— Reduction of 100,000 shares from £1 to 7s.6d. . .	62,500	—	—	100,000 — —
				By Balance . . . . .

## **PREFERENCE SHARE CAPITAL ACCOUNT**

<i>Dr.</i>	£	s.	d.	£ s. d.
To Capital Reduction Account— Reduction of 50,000 shares from £1 to 15s. . .	12,500	—	—	50,000 — —
				By Balance . . . . .

## **CAPITAL REDUCTION ACCOUNT**

<i>Dr.</i>	<i>Cr.</i>			
	£	s.	d.	£ s. d.
To Formation Expenses . . . . .	6,000	—	—	62,500 — —
" Profit and Loss Account . . . . .	64,000	—	—	12,500 — —
" Stock-in-Trade . . . . .	5,000	—	—	
	£75,000	—	—	£75,000 — —
				By Ordinary Share Capital Account . . . . .
				" Preference Share Capital Account . . . . .

## **FORMATION EXPENSES**

<i>Dr.</i>	£	s.	d.	£ s. d.
To Balance . . . . .	6,000	—	—	6,000 — —
				By Capital Reduction Account . . . . .

## EXERCISE XV (G)—No. 4 (contd.)

<i>Dr.</i>	<b>PROFIT AND LOSS ACCOUNT</b>						<i>Cr.</i>
To Balance	.	.	.	.	.	.	-
	£	£	s.	d.			b.
	64,000	64,000	-	-	By Capital Reduction Account .	64,000	-
							d.
							-

Dr.	STOCK-IN-TRADE				Cr.
	f.	s.	d.		
To Balance	.	.	.	By Capital Reduction Account	
	74,000	-	-		
					f. 5,000
					s. -
					d. -

BALANCE SHEET OF AUTOGOWELL MOTOR CO. LTD. (AND REDUCED) AS AT 31ST MARCH, 19..

CAPITAL AND LIABILITIES	f	s.	d.
<i>Authorized Capital—</i>			
100,000 Ordinary Shares of 7s. 6d. each . . . . .	37,500	-	-
50,000 Preference Shares of 15s. each . . . . .	294	-	-
	37,500	-	-
<i>(Issued Capital—</i>			
10,000 Ordinary Shares of 7s. 6d. each, fully called up . . . . .	37,500	-	-
Less Calls in Arrear . . . . .	294	-	-
	37,500	-	-
50,000 Preference Shares of 15s. each, fully called up . . . . .	100	-	-
Less Calls in Arrear . . . . .	-	-	-
	-	-	-
8 per cent Debentures . . . . .	-	-	-
Sundry Creditors . . . . .	-	-	-
	-	-	-
	£156,000	-	-

ASSETS	£	s.	d.
Land and Buildings at cost . . . . .	37,500	-	-
Plant and Machinery at cost, less Depreciation . . . . .	37,500	-	-
Motor Vehicles at cost, less Depreciation . . . . .	-	-	-
Stock-in-Trade . . . . .	£75,000	-	-
Sundry Debtors . . . . .	-	-	-
	-	-	-
	£156,000	-	-

## EXERCISE XV (G)—No. 5.

## JOURNAL OF STRUCTURES, LTD.

	£	s.	d.	£	s.	d.
Erectors, Ltd. . . . .	122,800	—	—	122,800	—	—
To Realization Account . . . .						
Being agreed purchase price of business assets.						
Realization Account . . . . .	130,300	—	—			
To Freehold Premises. . . . .				40,000	—	—
„ Plant and Machinery . . . .				50,000	—	—
„ Stock-in-Trade . . . . .				14,700	—	—
„ Work in Progress . . . . .				8,350	—	—
„ Sundry Debtors . . . . .				15,280	—	—
„ Cash at Bank and in Hand . .				1,970	—	—
Assets sold to Erectors, Ltd. . . .						
Sundry Creditors . . . . .	19,800	—	—			
To Erectors, Ltd. . . . .				19,800	—	—
Creditors taken over by Erectors, Ltd.						
Shares in Erectors, Ltd.. . . . .	37,500	—	—			
To Erectors, Ltd. . . . .				37,500	—	—
30,000 Shares in Erectors, Ltd., at 25s. each issued to outside share- holders in Structures, Ltd.						
Share Capital Account . . . . .	37,500	—	—			
To Shares in Erectors, Ltd.. . .				37,500	—	—
Distribution to shareholders of Shares in Erectors, Ltd.						
Share Capital Account . . . . .	50,000	—	—			
To Realization Account . . . .				7,500	—	—
„ Profit and Loss Account . . .				42,500	—	—
Transfer of losses.						
Debentures . . . . .	53,000	—	—			
Share Capital Account . . . . .	12,500	—	—			
To Erectors, Ltd. . . . .				65,500	—	—
Cancellation of Debentures and Shares held by Erectors, Ltd.						
	<u>£463,400</u>	<u>—</u>	<u>—</u>	<u>£463,400</u>	<u>—</u>	<u>—</u>

EXERCISE XV (G)—No. 5 (*contd.*)

## JOURNAL OF ERECTORS, LTD.

	£	s.	d.	£	s.	d.
Business Purchase Account . . .	103,000	—	—			
To Structures, Ltd. . . . .				103,000	—	—
Agreed purchase price of business.						
Business Purchase Account . . .	19,800	—	—			
To Sundry Creditors . . . . .				19,800	—	—
Liabilities taken over.						
Freehold Premises . . . . .	35,000	—	—			
Plant and Machinery . . . . .	47,500	—	—			
Stock-in-Trade . . . . .	14,700	—	—			
Work in Progress . . . . .	8,350	—	—			
Sundry Debtors . . . . .	15,280	—	—			
Cash at Bank and in Hand . . .	1,970	—	—			
To Business Purchase Account .				122,800	—	—
Transfer of assets acquired.						
Structures, Ltd. . . . .	103,000	—	—			
To Share Capital Account . . .				30,000	—	—
„ Share Premium Account . .				7,500	—	—
„ Investments—						
Debentures in Structures,						
Ltd . . . . .				53,000	—	—
Shares in Structures, Ltd. .				12,500	—	—
30,000 Shares issued at 25s. each,						
including 5s. premium, and cancella-						
tion of Debentures and Shares.						
Profit and Loss Account . . . . .	5,000	—	—			
To Shares in Structures, Ltd. .				5,000	—	—
Loss on investment written off.						
	<u>£353,600</u>	—	—	<u>£353,600</u>	—	—

## EXERCISE XV (G)—No. 6.

(a) Strictly speaking, there should have been an actual stocktaking on 1st June, 1936, and Final Accounts prepared then. As, however, this has not been done, the profits for the year ended 30th September, 1936, should be ascertained. If any amount has been charged in these accounts for directors' remuneration it should be added back to the profit for the year, the resulting figure being apportioned between the pre-incorporation and the incorporation period in the proportions that the pre-incorporation period turnover and the incorporation period turnover bear to the total turnover. Assuming the net profit for the year after charging £700 for directors' fees is £7,000, and the turnover is £70,000, of which £40,000 was effected before 1st June, 1936, the pre-incorporation profits will be—

$$\frac{(\pounds 7,000 + \pounds 700) \times 40,000}{70,000} = \frac{\pounds 7,700 \times 4}{7} = \pounds 4,400$$

The remainder of the profit is attributable to the post-incorporation period.

(b) The pre-incorporation profits should be put to the credit of a Capital Reserve Fund.

## EXERCISE XV (G)—No. 7.

## JOURNAL

	£	s.	d.	£	s.	d.
Business Purchase Account . . .	18,500	—	—			
To Vendors (X and Y) . . .				18,500	—	—
Agreed purchase price of business.						
Business Purchase Account . . .	6,600	—	—			
To Sundry Creditors . . .				3,500	—	—
„ Bills Payable . . .				400	—	—
„ Loan on Mortgage. . .				2,200	—	—
„ Reserve for Bad Debts . . .				500	—	—
Liabilities and reserve taken over.						
Bank . . . . .	300	—	—			
Sundry Debtors . . . . .	5,500	—	—			
Bills Receivable . . . . .	500	—	—			
Stock-in-Trade . . . . .	7,000	—	—			
Plant and Machinery . . . . .	3,500	—	—			
Land and Buildings . . . . .	3,000	—	—			
Patterns and Models . . . . .	1,000	—	—			
Loose Tools . . . . .	800	—	—			
To Business Purchase Account . .				21,600	—	—
Transfer to asset accounts of assets acquired.						
Goodwill . . . . .	3,500	—	—			
To Business Purchase Account . .				3,500	—	—
Value of goodwill represented by balance of Business Purchase Account.						
Vendors (X and Y) . . . . .	17,000	—	—			
To Ordinary Share Capital Account . .				12,000	—	—
„ 5½ per cent Cumulative Preference Share Capital Account . .				5,000	—	—
Issue of 12,000 Ordinary Shares and 5,000 Preference Shares in part satisfaction of purchase price of business						
	£67,200	—	—	£67,200	—	—

Dr.

CASH BOOK

Cr.

	£	s.	d.		£	s.	d.
To Balance . . . . .	300	—	—	By Vendors (X and Y) . . . . .	1,500	—	—

EXERCISE XV (C)—No. 7 (contd.)

BALANCE SHEET OF THE RAPID ENGINEERING CO., LTD., AS AT 1ST JANUARY, 19..

CAPITAL AND LIABILITIES						ASSETS								
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
<i>Authorized Capital—</i>														
Ordinary Shares of £1 each . . . . .						Land and Buildings at cost . . . . .			3,000					
$\frac{5}{8}$ per cent Cumulative Preference Shares of £1 each . . . . .						Plant and Machinery at cost . . . . .			3,500					
						Loose Tools at cost . . . . .			800					
						Stock-in-Trade . . . . .			7,000					
<i>Issued Capital—</i>						Sundry Debtors—								
12,000 Ordinary Shares of £1 each, fully paid . . . . .			12,000			On Open Accounts . . . . .			5,500					
5,000 $\frac{5}{8}$ per cent Cumulative Preference Shares of £1 each, fully paid . . . . .			5,000			On Bills Receivable . . . . .			500					
Loan on Mortgage . . . . .						<i>Less: Reserve for Bad Debts</i>								
Bank Overdraft . . . . .						Patterns and Models at cost . . . . .			6,000			5,500		
Sundry Creditors . . . . .						Goodwill at cost . . . . .			500			1,000		
Bills Payable . . . . .												8,500		
												<u>£24,300</u>		
												<u>£24,300</u>		

Dr. PROFIT AND LOSS ACCOUNT OF A. B., LTD., FOR THE YEAR ENDED 31ST DECEMBER, 1939 Cr.

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## EXERCISE XV (G)—No. 9.

## JOURNAL

	£	s.	d.	£	s.	d.
Share Capital Account . . . . .	45,000	—	—			
To Capital Reduction Account . . . . .				45,000	—	—
60,000 Shares of £1 each, fully paid, reduced to 60,000 Shares of 5s. each, fully paid, as per resolution dated .....						
Premium on Shares Account . . . . .	600	—	—			
To Profit and Loss Account . . . . .				600	—	—
Transfer of premium as per resolu- tion dated .....						
Capital Reduction Account . . . . .	45,000	—	—			
To Profit and Loss Account . . . . .				19,650	—	—
„ Goodwill . . . . .				10,000	—	—
„ Plant and Machinery . . . . .				9,240	—	—
„ Stock . . . . .				4,094	—	—
„ Reserve for Bad Debts . . . . .				1,500	—	—
„ Freehold Property . . . . .				516	—	—
Amounts written off as per resolu- tion dated .....						
	<u>£90,600</u>	—	—	<u>£90,600</u>	—	—

## BALANCE SHEET

	£	£	£
<i>Capital—</i>			8,514
Authorized and Is- sued: 60,000 Shares of 5s. each, fully paid . . . . .	15,000		10,000
Sundry Creditors . . . . .	40,350	21,290	16,376
			19,790
		1,500	670
	<u>£55,350</u>		<u>£55,350</u>

## EXERCISE XV (G)—No. 10.

(i) A company issuing bonus shares is enabled to utilize the assets represented by the profit made as additional working capital. From the shareholders' point of view they receive shares which they can turn into cash by selling them if they so desire, their original holdings still remaining intact.

If the profits are not largely increased, the distribution of profits over a larger number of shares will reduce the rate of dividend paid. This may be considered expedient to conceal from workers the fact that high dividends are being paid. If the company desires to maintain the same rate of dividend

as before it will have considerably to modify its reserve policy unless it earns larger profits

The issue of bonus shares may encourage speculative dealings in the shares, and cause the market value of the shares to fall, though the market value of the total holding may be greater

No sur-tax is payable on a bonus share distribution.

(ii)

## JOURNAL

	£	s.	d.	£	s.	d.
Reserve Account . . . . .	10,000	—	—			
To Bonus Account . . . . .				10,000	—	—
Bonus payable out of reserve in fully paid shares as per resolution dated . . . . .						
Bonus Account . . . . .	10,000	—	—			
To Share Capital Account . . . . .				10,000	—	—
Issue of 10,000 bonus shares of £1 each in payment of bonus at the rate of one bonus share for every ten shares held in the company on an issued capital of £100,000.						
	<u>£20,000</u>	<u>—</u>	<u>—</u>	<u>£20,000</u>	<u>—</u>	<u>—</u>

## EXERCISE XV (G)—No. 11.

## JOURNAL

19..	£	s.	d.	£	s.	d.
Reserve Account . . . . .	40,000	—	—			
To Bonus Account . . . . .				40,000	—	—
Bonus payable out of Reserve in fully-paid shares as per resolution.						
Bonus Account . . . . .	40,000	—	—			
To Share Capital Account . . . . .				40,000	—	—
Issue of 40,000 bonus shares of £1 each in payment of bonus at the rate of 1 bonus share for every 5 shares held.						
	<u>£80,000</u>	<u>—</u>	<u>—</u>	<u>£80,000</u>	<u>—</u>	<u>—</u>

## EXERCISE XV (G)—No. 12.

## JOURNAL

19..		£	s.	d.	£	s.	d.
	Final Call Account . . . . .	37,500	—	—	37,500	—	—
	To Share Capital . . . . .						
	Call of 5s. per share on 150,000 shares as per resolution.						
	Reserve Fund Account . . . . .	37,500	—	—	37,500	—	—
	To Bonus Account . . . . .						
	Bonus of 33 $\frac{1}{3}$ % on £112,500 paid- up capital						
	Bonus Account . . . . .	37,500	—	—	37,500	—	—
	To Final Call Account . . . . .						
	Application of bonus in payment of final call.						
		<u>£112,500</u>	—	—	<u>£112,500</u>	—	—

## EXERCISE XV (G)—No. 13.

## JOURNAL

	£	s.	d.	£	s.	d.
Ordinary Share Final Call Account .	16,666	13	4	16,666	13	4
To Ordinary Share Capital Acct. .						
Call of 3s. 4d. per share on 100,000 shares as per resolution dated . . . . .						
Reserve Fund . . . . .	16,666	13	4	16,666	13	4
To Bonus Account . . . . .						
Bonus of 20 per cent on £83,333 6s. 8d. paid-up Capital declared out of reserve fund as per resolution dated . . . . .						
Bonus Account . . . . .	16,666	13	4	16,666	13	4
To Ordinary Share Final Call A/c						
Application of Bonus to discharge of Final Call as per resolution dated . . . . .						
	<u>£50,000</u>	—	—	<u>£50,000</u>	—	—

## EXERCISE XV (G)—No. 14.

## JOURNAL OF BLACK &amp; WHITE

*(The entries to close books of old firm)*

19..		£	s.	d.	£	s.	d.
	Realization Account . . . . .	50,950	—	—	22,065	—	—
	To Land and Buildings . . . . .				12,800	—	—
	„ Machinery and Plant . . . . .				10,760	—	—
	„ Stock . . . . .				4,250	—	—
	„ Sundry Debtors . . . . .				1,075	—	—
	„ Investments . . . . .					—	—
	A Company . . . . .	60,000	—	—	60,000	—	✓
	To Realization . . . . .					—	—
	Bank (for sale of Investments) . . . . .	1,075	—	—	1,075	—	✓
	To Realization . . . . .					—	—
	Realization Account . . . . .	10,125	—	—	5,062	10	—
	To J. Black . . . . .					—	—
	( $\frac{1}{2}$ share of profit on Realiza- tion)					—	—
	„ W. White . . . . .				5,062	10	—
	( $\frac{1}{2}$ share of profit on Realiza- tion)					—	—
	Bank . . . . .	10,000	—	—			
	Shares in A Company . . . . .	50,000	—	—	60,000	—	✓
	To A Company . . . . .					—	—
	Sundry Creditors . . . . .	3,700	—	—	3,700	—	—
	To Bank . . . . .					—	—
	J. Black's Capital Account . . . . .	30,000	—	—			
	W. White's Capital Account . . . . .	20,000	—	—	50,000	—	—
	To Shares in A Company . . . . .					—	—
	J. Black's Capital Account . . . . .	5,062	10	—			
	W. White's Capital Account . . . . .	5,062	10	—	10,125	—	—
	To Bank . . . . .					—	—
		£245,975	—	—	£245,975	—	—

## JOURNAL OF A COMPANY

*(The entries to open the books of the new company)*

19..		£	s.	d.	£	s.	d.
	Land and Buildings . . . . .	22,065	—	—			
	Machinery and Plant . . . . .	12,800	—	—			
	Stock . . . . .	10,760	—	—			
	Sundry Debtors . . . . .	4,250	—	—			
	Goodwill . . . . .	10,125	—	—			
	To J. White & W. Black (Vendors)				60,000	—	✓

EXERCISE XV (G)—No. 14 (*contd.*).JOURNAL OF A COMPANY—(*contd.*)  
(*The entries to open the books of the new company*)

19..		£	s.	d.	£	s.	d.
	Messrs. J. White & W. Black (Vendors)	60,000	—	—			
	To Ordinary Share Capital				50,000	—	—
	„ Bank				10,000	—	—
	Sundry Shareholders	50,000	—	—			
	To Ordinary Share Capital				50,000	—	—
	Bank	50,000	—	—			
	To Sundry Shareholders				50,000	—	—
		£220,000	—	—	£220,000	—	—

## EXERCISE XV (G)—No. 15.

## JOURNAL OF THE BIRGET ENGINEERING CO., LTD.

19..		£	s.	d.	£	s.	d.
July ..	Application A/c (Ordinary Shares)	1,100	—	—			
	To Ordinary Share Capital				1,100	—	—
	£1 per share on 1,100 shares.						
	Application A/c (Preference Shares)	5,000	—	—			
	To Preference Share Capital				5,000	—	—
	£1 per share on 5,000 shares.						
„ 9	Allotment A/c (Ordinary Shares)	4,400	—	—			
	To Ordinary Share Capital				4,400	—	—
	£4 per share on 1,100 shares.						
„ 9	Allotment A/c (Preference Shares)	10,000	—	—			
	To Preference Share Capital				10,000	—	—
	£2 per share on 5,000 shares.						
„ 9	Patents A/c	40,000	—	—			
	To Sharp & Short (Vendors)				40,000	—	—
„ 9	Sharp & Short (Vendors)	39,000	—	—			
	To Ordinary Share Capital				39,000	—	—
	For issue of 3,900 shares of £10 each, as fully paid, to vendors in part payment of purchase price of patents.						
Oct. 9	First Call A/c (Ordinary Shares)	5,500	—	—			
	To Ordinary Share Capital				5,500	—	—
	£5 per share on 1,100 shares.						
„ 9	First Call A/c (Preference Shares)	10,000	—	—			
	To Preference Share Capital				10,000	—	—
	£2 per share on 5,000 shares.						
		£115,000	—	—	£115,000	—	—

EXERCISE XV (G)—No. 15 (contd.).

CASH BOOK				Cr.	
Dr.		Bank.		Bank.	
		£	s. d.		£ s. d.
19..	To Application A/c (Ordinary Shares)	1,100	—	19..	1,000
July ..	" Application A/c (Preference Shares)	5,000	—	July 9	—
	" Allotment A/c (Ordinary Shares)	4,400	—		34,800
	" Allotment A/c (Preference Shares)	10,000	—		
	" Call A/c (Ordinary Shares)	5,500	—		
	" Call A/c (Preference Shares)	9,800	—		
		£ 35,800	—		£ 35,800
July ..	To Balance b/d . . . . .	34,800	—		—

THE BIRGET ENGINEERING CO., LTD.  
BALANCE SHEET AS AT 31st OCTOBER, 19..

CAPITAL AND LIABILITIES.				PROPERTY AND ASSETS.			
<i>Nominal and Issued Capital—</i>				Patents		Cash at Bank	
£	s. d.	£	s. d.	£	s. d.	£	s. d.
5,000 Ordinary Shares of £10 each, fully paid	—	50,000	—				
5,000 Preference Shares of £5 each, fully called	25,000	—	—				
Less Calls in Arrears	200	—	—				
		24,800	—				
		£ 74,800	—			£ 74,800	—

## EXERCISE XV (G)—No. 16.

## JOURNAL

19..		£	s.	d.	£	s.	d.
Jan. 1	Business Purchase Account . . . To Vendor's Account . . . For purchase price of business as per agreement dated 1st Jan.	60,000	—	—	60,000	—	—
„ 1	Stock-in-Trade . . . . . Machinery and Plant . . . . . Loose Tools . . . . . Bills Receivable . . . . . Cash at Bank . . . . . Goodwill . . . . . Sundry Debtors . . . . . To Business Purchase Account. For assets acquired as per agree- ment.	10,000 25,000 4,000 2,500 5,000 10,000 20,000	— — — — — — —	— — — — — — —	76,500	—	—
„ 1	Business Purchase Account . . . To Sundry Creditors . . . . „ Bills Payable . . . . . „ Bad Debts Reserve . . . . For liabilities taken over as per agreement.	16,500	—	—	10,000 5,000 1,500	— — —	— — —
„ 1	Vendor's Account . . . . . To Ordinary Share Capital . . 25,000 shares of £1 each issued as fully paid to vendor. To 5% Debentures . . . . . 250 bonds of £100 each, repay- able in 10 years at 105, issued as fully paid to vendor.	50,000	—	—	25,000 25,000	— —	— —
„ 1	Application Account (Ord. Shares). To Ordinary Share Capital . . 10/- per share on 15,000 shares.	7,500	—	—	7,500	—	—
„ 1	Allotment Account . . . . . To Ordinary Share Capital . . 10/- per share on 15,000 shares.	7,500	—	—	7,500	—	—
	TOTAL OF JOURNAL . . . . .	£218,000	—	—	£218,000	—	—



EXERCISE XV (G)—No. 16 (*contd.*).

<i>Dr.</i>		CASH BOOK				<i>Cr.</i>	
		Bank.				Bank.	
		£	s. d.			£	s. d.
19..				19..			
Jan. 1	To Balance . . . . .	5,000	—	Feb. 1	By Vendor . . . . .	10,000	—
	„ Application Account . .	7,500	—		(Balance of purchase money)		
	„ Allotment Account . .	7,350	—		„ Balance c/d . . . .	9,850	—
		£ 19,850	—			£ 19,850	—

*Note.*—The totals of Journal above differ from the answer given in *Advanced Accounts*. The figures in the textbook are arrived at as follows—

	Debit Side.	Credit Side.
Total of Assets (including Goodwill) . . . . .	£ 76,500	£
Total of Liabilities (including Vendor's Account) . . . . .		76,500
<i>Journal Entries for—</i>		
(a) Vendors' Shares and Debentures . . . . .	50,000	50,000
(b) Application Account . . . . .	7,500	7,500
(c) Allotment Account . . . . .	7,500	7,500
JOURNAL as Textbook Answer . . . . .	£ 141,500	£ 141,500

THE JOHN SMITH AND STEEL NIB CO., LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock and Materials, 1st Jan.	.	-	-	.	-	-	.	-	-
" Purchases . . . . .	35,720	-	-	.	-	-	.	-	-
<i>Less Returns Outwards</i> . .	311	-	-	.	-	-	.	-	-
Wages . . . . .				35,409	-	-	.	-	-
" Manufacturing Expenses . .				8,241	-	-	.	-	-
" " " "				2,163	-	-	.	-	-
" Balance, Gross Profit c/d . .				6,110	-	-	.	-	-
				£ 55,795	-	-			

PROPOSED APPROPRIATION ACCOUNT

[illegible]

THE JOHN SMITH AND STEEL NIB CO., LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

[illegible]



## EXERCISE XV (G)—No 18. JOURNAL

19..		£	s.	d.	£	s.	d.
	Business Purchase A/c . . . . .	220,000	—	—	220,000	—	—
	To Vendor (A. Edwards & Co.)						
	For agreed purchase price of business.						
	Freehold Land and Buildings . . . . .	28,000	—	—			
	Machinery and Plant . . . . .	25,000	—	—			
	Debtors . . . . .	45,000	—	—			
	Stocks and Materials in Progress . . . . .	140,000	—	—			
	Advertising Plates, etc. . . . .	25,000	—	—			
	Goodwill . . . . .	42,000	—	—			
	To Business Purchase A/c				305,000	—	—
	Sundry Assets required as per agreement.						
	Business Purchase A/c . . . . .	85,000	—	—			
	To Trade Creditors . . . . .				40,000	—	—
	„ Loans on Mortgage . . . . .				45,000	—	—
	Sundry Liabilities as per agreement.						
	Vendor (A. Edwards & Co.) . . . . .	125,000	—	—	125,000	—	—
	To Ordinary Share Capital . . . . .						
	Issue to vendor of 125,000 £1 Ordinary Shares in part payment of purchase price of business.						
	Application A/c (Preference Shares) . . . . .	6,250	—	—			
	To Preference Share Capital . . . . .				6,250	—	—
	1/- per share on 125,000 shares.						
	Allotment A/c (Preference Shares) . . . . .	15,625	—	—			
	To Preference Share Capital . . . . .				15,625	—	—
	2/6 per share on 125,000 shares.						
	First Call A/c (Preference Shares) . . . . .	62,500	—	—			
	To Preference Share Capital . . . . .				62,500	—	—
	10/- per share on 125,000 shares.						
	Final Call A/c . . . . .	46,875	—	—			
	To Preference Share Capital . . . . .				46,875	—	—
	7/6 per share on 125,000 shares.						
	Bank A/c . . . . .	131,250	—	—			
	To Application A/c . . . . .				6,250	—	—
	„ Allotment A/c . . . . .				15,625	—	—
	„ First Call A/c . . . . .				62,500	—	—
	„ Second (Final) Call A/c . . . . .				46,875	—	—
	For receipts of sums due from shareholders.						
	Vendor A/c (A. Edwards & Co.) . . . . .	95,000	—	—			
	To Bank . . . . .				95,000	—	—
	For balance due to vendor to complete payment of purchase price of business.						
	£	1,092,500	—	—	1,092,500	—	—



EXERCISE XV (G)—No. 19 (contd.).

CASH ACCOUNT						Cr.	
Dr.						£	s. d.
19..	To Realization . . . .	£	s.	d.	19..	£	s. d.
		14,950	—	—	By Sundry Creditors . . . .	3,750	—
					" A's Capital Account . . . .	6,800	—
					" O's Capital Account . . . .	4,400	—
		£14,950	—	—		14,950	—

"A" receives £6,800 = (Capital Balance £6,000 + Share of Profit on Realization £800).

"O" receives £4,400 = (Capital Balance £4,000 + Share of Profit on Realization £400).

EXERCISE XV (G)—No. 20.

\*Four months, or  $\frac{1}{3}$  of the profit, viz., £1,900 being profit prior to incorporation, would not be available for dividend. £3,800 could be appropriated for distribution.

## EXERCISE XV (G)—No. 21.

## A COMPANY LIMITED

## TRADING ACCOUNT

<i>Dr.</i>	FOR THE YEAR ENDED 31ST DECEMBER, 19..						<i>Cr.</i>			
	£	s.	d.	£	s.	d.		£	s.	d.
To Stock, 1st Jan. . .				3,417	8	9	By Sales . . . . .	24,141	14	5
„ Purchases . . .	9,716	10	4				Less Returns			
Less Returns							Inwards . . .	316	10	—
Outward . . .	114	5	11							
				9,602	4	5	„ Stock . . . . .			
„ Carriage Inwards				198	4	7				
„ Manufctg. Wages				3,496	12	—				
„ „ Expenses				945	14	3				
„ Factory Fuel and										
Power . . .				127	10	—				
„ Balance, Gross										
Profit c/d . . .				9,000	—	—				
				£ 26,787	14	—				
								£ 26,787	14	—

## A COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

Dr.	FOR THE YEAR ENDED 31ST DECEMBER, 19..						Cr.						
	£	s.	d.	£	s.	d.		£	s.	d.	£	s.	d.
To Salaries . . .				1,596	10	4	By Trading Account, GROSS Profit b/d				9,000	-	-
„ Works Manager's Commis. (1% of £9,000)				90	-	-							
„ Carr. Outwards . .				215	6	11							
„ General Exps. . .				814	5	-	Appropriation Account (Credit Side)						
„ Rates, Taxes, and Insurance . . .				368	10	10	By Bal., 1st April .	743	6	-			
„ Lighting and Heating . . .				98	14	7	„ Current Year's Profit . . .	4,545	15	-			
„ Stable Expenses . .				247	6	11							
„ Discount . . .				92	4	1							
„ Bad Debts . . .				148	9	6		£5,289	1	-			
„ Interest and Bank Charges . . .				47	10	-							
„ Provision for Bad Debts (5% of £7,814 10s. 0d.)				390	14	6	(Debit Side) To General Man- agers' Commis. (5% of £4,545 15s. 0d.) . . .	227	5	9			
„ Depreciation— Plant & Ma- chinery (10% of £1,972 10s. 0d.)	197	5	-				„ Balance to Bal- ance Sheet . .	5,061	15	3			
Fixtures, etc. (5% of £947 6s. 8d.) . . .	47	7	4					£5,289	1	-			
Horses & Carts	100	-	-										
				344	12	4							
„ Balance, NET Profit c/d . . .				4,545	15	-							
				£9,000	-	-					£9,000	-	-



## EXERCISE XV (G)—No. 21 (contd.).

T's CAPITAL ACCOUNT							
Dr.		(OVERDRAWN)				Cr.	
19..		£	s. d.	19..		£	s. d.
	To Balance . . .	750	- -		By Capital Accounts—		
	„ Interest @ 6% . .	22	10 -		R, $\frac{1}{2}$ share . .	1,058	16 6
	„ Share of Loss on				S, $\frac{1}{2}$ share . .	673	16 -
	Realization . . .	960	2 6				
		£1,732	12 6			£1,732	12 6

## EXERCISE XV (G)—No. 22.

THE XL MANUFACTURING CO., LTD.				TRADING AND PROFIT AND LOSS ACCOUNT			
Dr.		FOR THE YEAR ENDED 31ST MARCH, 19..				Cr.	
	£	s. d.	£	s. d.		£	s. d.
To Stock, 1st April . .			8,621	- -	By Sales . . . . .	30,608	- -
„ Purchases . . . .			11,920	- -	„ Stock, 1st March . .	8,102	- -
„ Manufactg. Wages . .			9,897	- -			
„ Coal and Coke . . .			2,650	- -			
„ Balance, Gross							
Profit, c/d . . . . .			5,622	- -			
	£	38,710	- -			£	38,710
To Discounts . . . .			851	- -	By Trading Account, Gross Profit,		
„ Salaries and Commis-					b/d . . . . .	5,622	- -
sion . . . . .			1,266	- -			
„ Rent, Rates, Taxes,							
and Insurance . . . .			893	- -			
„ Bank Charges . . .			138	- -			
„ Directors' Fees . .			200	- -			
„ Debenture Interest . .			300	- -			
„ Sundry Expenses . .			186	- -			
„ Bad Debts . . . . .			98	- -			
„ Discount Reserve on							
Debtors (5% of							
£8,240) . . . . .			412	- -			
„ Depreciation—							
Fixed Plant and							
Machinery (5% of							
£5,920) . . . . .	296	- -					
Loose Tools, etc.							
(7½% of £2,280) . .	171	- -					
			467	- -			
„ Bal., Net Profit . .			811	- -			
			£5,622	- -		£5,622	- -

BALANCE SHEET AS AT 31ST MARCH, 19..

[illegible]

## EXERCISE XV (G)—No. 23.

<i>Dr.</i>		BAD DEBTS ACCOUNT			<i>Cr.</i>			
		£	s.	d.		£	s.	d.
1935 Dec. 31	To C. D. . . . .	60	-	-	1935 Dec. 31	By Profit and Loss Acct.	210	-
	" E. F. . . . .	95	-	-				
	" Bad Debts Reserve, 5 per cent on £1,100 .	55	-	-				
		£210	-	-		£210	-	-
1936 Dec. 31	To Bad Debts Reserves, 5 per cent on £2,500 .	125	-	-	1936 Dec. 31	By Transfer from Bad Debts Reserve .	55	-
		£125	-	-		" Profit and Loss Account	70	-
						£125	-	-
1937 Dec. 31	To G. H. . . . .	50	-	-	1937 Dec. 31	By Transfer from Bad Debts Reserve .	125	-
	" L. J. . . . .	60	-	-		" Profit and Loss Account	60	-
	" Bad Debts Reserve, 5 per cent on £1,500 .	75	-	-				
		£185	-	-		£185	-	-

<i>Dr.</i>		BAD DEBTS RESERVE ACCOUNT					<i>Cr.</i>		
1936 Dec. 31	To Bad Debts Account	£ 55	s. -	d. -	1935 Dec. 31	By Bad Debts Reserve, 5 per cent on £1,100	£ 55	s. -	d. -
1937 Dec. 31	To Bad Debts Account	125	-	-	1936 Dec. 31	By Bad Debts 5 per cent on £2,500	125	-	-
					1937 Dec. 31	By Bad Debts, 5 per cent on £1,500	75	-	-

## EXERCISE XV (G)—No. 24.

*Dr.* PROFIT AND LOSS ON REALIZATION ACCOUNT *Cr.*

<i>Dr.</i>			<i>Cr.</i>		
19..		£ s. d.	19..		£ s. d.
	To Realization Account (Liabilities, £25,663 Less Assets, £21,822½)	3,840 10 -		By <i>Capital Accounts</i> —	
				R, ¼ of Loss.	960 2 6
				S, ½ of Loss.	1,920 5 -
				T, ¼ of Loss.	960 2 6
		£3,840 10 -			£3,840 10 -

*Dr.* CASH ACCOUNT *Cr.*

<i>Dr.</i>			<i>Cr.</i>		
19..		£ s. d.	19..		£ s. d.
	To Realization Account	21,050 - -		By Sundry Creditors	5,500 - -
				„ R's Loan Account	2,163 - -
				„ <i>Capital Accounts</i> —	
				R : : :	8,981 1 -
				S : : :	4,405 19 -
	£ 21,050 - -			£ 21,050 - -	

*Dr.* R's LOAN ACCOUNT ✓ *Cr.*

<i>Dr.</i>			<i>Cr.</i>		
19..		£ s. d.	19..		£ s. d.
	To Cash . . .	2,163 - -		By Balance of Loan and Share of Profit	2,100 - -
				„ Interest @ 6%	63 - -
	£2,163 - -			£2,163 - -	

*Dr.* R's CAPITAL ACCOUNT *Cr.*

<i>Dr.</i>			<i>Cr.</i>		
19..		£ s. d.	19..		£ s. d.
	To Share of Loss on Realization . . .	960 2 6		By Balance . . .	11,000 - -
	„ Share of T's Over- drawn Account . .	1,058 16 6			
	„ Cash . . . . .	8,981 1 -			
	£ 11,000 - -			£ 11,000 - -	

*Dr.* S's CAPITAL ACCOUNT *Cr.*

<i>Dr.</i>			<i>Cr.</i>		
19..		£ s. d.	19..		£ s. d.
	To Share of Loss on Realization . . .	1,920 5 -		By Balance . . .	7,000 - -
	„ Share of T's Over- drawn Account . .	673 16 -			
	„ Cash . . . . .	4,405 19 -			
	£7,000 - -			£7,000 - -	

EXERCISE XV (G)—No. 24 (*contd.*).

## A COMPANY LIMITED

## BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES	£	s.	d.	£	s.	d.	PROPERTY AND ASSETS	£	s.	d.	£	s.	d.
<i>Nominal Capital—</i>							Freehold Works .	1,972	10	—	2,500	—	—
10,000 Shares of £1 each . . . .	10,000	—	—				Plant & Machinery Less Depreciation	197	5	—	1,775	5	—
<i>Issued Capital—</i>							Horses and Carts .	516	10	—			
8,000 Shares of £1 each, fully paid				8,000	—	—	Less Depreciation	100	—	—	416	10	—
Bank Loan . .				1,000	—	—	Fixtures & Fittings	947	6	8			
Sundry Creditors .				5,416	10	—	Less Depreciation	47	7	4			
General Manager's Commission . .				227	5	9	Goodwill . . . .				899	19	4
Works Manager's Commission . .				90	—	—	Stock . . . . .				3,000	—	—
<i>Profit &amp; Loss A/c—</i>							Sundry Debtors .	7,814	10	—	2,962	9	7
Bal. available .				5,061	15	3	Less Bad Debts Reserve . . . .	390	14	6			
							Cash at Bank . .	754	1	5	7,423	15	6
							Cash in Hand . .	14	10	2			
							Unexpired Rates & Insurance . . . .				768	11	7
											49	—	—
				£ 19,795	11	—					£ 19,795	11	—

## EXERCISE XV (G)—No. 25.

TRADING AND PROFIT AND LOSS ACCOUNTS OF ROSE,  
PINK, & LILLEY,

Dr.

FOR THE YEAR ENDED 31ST MARCH, 1937

Cr.

	£	s.	d.	£	s.	d.		£	s.	d.
To Stock, 31st March, 1936				6,291	-	-	By Sales	45,691	-	-
" Purchases				37,059	-	-	" Stock, 31st March, 1937	5,217	-	-
" Gross Profit carried to Section II				7,558	-	-				
				<u>£50,908</u>	-	-		<u>£50,908</u>	-	-
To Salaries & Wages				1,825	-	-	By Gross Profit from Section I	7,558	-	-
" Heating and Lighting				86	-	-				
" Telephone Insurance				59	-	-				
" Office Expenses				113	-	-				
" Van Expenses				190	-	-				
" Rent and Rates				475	-	-				
" Postages and Stationery				102	-	-				
" Advertising				348	-	-				
" Bank Charges				84	-	-				
" Bad Debts				329	-	-				
" Depreciation of Vans	140	-	-							
" Depreciation of Furniture and Fittings	135	-	-							
				275	-	-				
" Net Trading Profit carried to Section III				3,672	-	-				
				<u>£7,558</u>	-	-		<u>£7,558</u>	-	-
To Interest on Capital							By Net Trading Profit from Section II	3,672	-	-
Rose	312	-	-							
Pink	168	-	-							
				480	-	-				
" Net Profit—										
Rose	1,596	-	-							
Pink	1,064	-	-							
Lilley	532	-	-							
				3,192	-	-				
				<u>£3,672</u>	-	-		<u>£3,672</u>	-	-

BALANCE SHEET OF ROSE, PINK, & LILLEY, AS AT 31ST MARCH, 1937

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SMITH'S BOOKS  
JOINT ADVENTURE WITH BROWN

Dr.

Cr.

	Amount	Months	Interest		Amount	Months	Interest
1935				1935			
Dec. 31				Dec. 31			
1936							
Jan. 1	4,000	6	100	By Draft on Brown due 3rd April, 1936	2,000	3	25
June 30	70	"	1 15	By Balance of Interest	3,118	15 10	76 15
	76 15			" Cheque from Brown	£5,118	15 10	£101 15
	972						
	£5,118	15 10	£101 15				

BROWN'S BOOKS

Dr.

Cr.

	Amount	Months	Interest		Amount	Months	Interest
1935				1936			
Dec. 31				June 1			
1936							
June 30	2,000	3	25	By Sale of Timber	6,200	16 8	£25 16 8
	110		16 8	" Balance of Interest			
	972						
	3,118	15 10	£25 16 8				
	£6,200	16 8					

JOINT VENTURE ACCOUNT BETWEEN SMITH AND BROWN

Sale of Timber				£	s.	d.	£	s.	d.
Cost of Timber				4,000	—	—	6,200	—	—
Dock and Wharfage Charges paid by Smith				110	—	—			
Expenses paid by Brown				76 15	—	—			
Interest due to Smith									
Interest due from Brown									
				4,256	15	—			16 8
				972	—	10	6,200	16 8	
				9 2	—	10			
Half Profit due to Smith									
Half Profit due to Brown									
				£6,200	16 8		£6,200	16 8	



EXERCISE XV (G)—No. 27.

Dr.

CONTRACT ACCOUNT

C

	£	s.	d.		£	s.	d.
To Materials Purchased and Delivered direct to Contract Site.							
" Materials from General Stores . . . . .	5,863	—	—	By Amount certified by Architect, excluding 20 per cent retention money . . . . .	12,000	—	—
" Plant Transferred from Other Contracts . . . . .	978	—	—	" Value of Work done represented by Retention Money . . . . .	3,000	—	—
" Plant Purchased for this Contract . . . . .	1,250	—	—	" Materials on Site and unused . . . . .	1,021	—	—
" Wages . . . . .	350	—	—	" Plant on Site at Valuation . . . . .	1,480	—	—
" Direct Expenses . . . . .	7,536	—	—				
" Proportion of Establishment and Other Charges . . . . .	220	—	—				
" Profit on Contract to date . . . . .	870	—	—				
	434	—	—				
	£17,501	—	—		£17,501	—	—

In view of the fact that the contract is only about half completed it is thought that an ample margin for contingencies should be allowed for, and that at least one-third of the profit to date should be carried forward. There may be reasons in favour of this, such as labour costs not anticipated when the contract was taken.

BRUCE BROS. & CO.  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

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## EXERCISE XV (G)—No. 29.

## CHATENAY'S BOOKS

## JOURNAL

		£	s.	d.	£	s.	d.
Business Purchase Account . . . . .	Dr.	120,000	—	—			
To Vendor (Abel Chatenay) . . . . .					120,000	—	—
Freehold Works . . . . .	Dr.	36,000	—	—			
Machinery and Plant . . . . .	Dr.	37,860	—	—			
Sundry Debtors . . . . .	Dr.	18,764	—	—			
Stock . . . . .	Dr.	22,440	—	—			
Cash in hand . . . . .	Dr.	976	—	—			
Goodwill . . . . .	Dr.	20,000	—	—			
To Business Purchase Account . . . . .					136,040	—	—
Business Purchase Account . . . . .	Dr.	16,040	—	—			
To Sundry Creditors . . . . .					14,040	—	—
„ Bank Loan . . . . .					2,000	—	—
Vendor (Abel Chatenay) . . . . .		90,000	—	—			
To Ordinary Share Capital . . . . .					40,000	—	—
Issue of 40,000 ordinary shares of £1 each, fully paid, in part payment of purchase price of business.							
To 6% Preference Share Capital . . . . .					50,000	—	—
Issue of 50,000 6% preference shares of £1 each, fully paid, in part payment of purchase price of business.							
		£362,080	—	—	£362,080	—	—

## LEDGER

Dr.	BANK ACCOUNT	Cr.
To Ordinary Share Capital . . . . .	£ 60,000	By Vendor . . . . .
„ Preference Share Capital . . . . .	50,000	„ Balance c/d . . . . .
	£110,000	
To Balance b/d . . . . .	£80,000	
		£110,000

Dr.	BUSINESS PURCHASE ACCOUNT	Cr.
To Vendor (A. Chatenay) . . . . .	£ 120,000	By Freehold Works . . . . .
„ Sundry Creditors . . . . .	14,040	„ Machinery, etc. . . . .
„ Bank Loan . . . . .	2,000	„ Sundry Debtors . . . . .
		„ Stock . . . . .
		„ Cash in hand . . . . .
		„ Goodwill . . . . .
	£136,040	
		£136,040



EXERCISE XV (G)—No. 29 (*contd.*).

<i>Dr.</i> VENDOR'S (ABEL CHATENAY) ACCOUNT				<i>Cr.</i>			
To Cash	£	30,000	s. d.	By Business Purchase Account	£	120,000	s. d.
„ Ordinary Share Capital		40,000	— —				— —
„ Pref. Share Capital		50,000	— —				— —
	£	120,000	— —		£	120,000	— —

<i>Dr.</i> ORDINARY SHARE CAPITAL ACCOUNT				<i>Cr.</i>			
To Balance c/d	£	100,000	s. d.	By Vendor	£	40,000	s. d.
			— —	„ Cash		60,000	— —
	£	100,000	— —		£	100,000	— —
			— —	By Balance b/d	£	100,000	— —

<i>Dr.</i> 6% PREFERENCE SHARE CAPITAL ACCOUNT				<i>Cr.</i>			
To Balance c/d	£	100,000	s. d.	By Vendor	£	50,000	s. d.
			— —	„ Cash		50,000	— —
	£	100,000	— —		£	100,000	— —
			— —	By Balance b/d	£	100,000	— —

## EXERCISE XV (G)—No. 30.

## X CO., LTD.

## BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES			PROPERTY AND ASSETS		
<i>Nominal Capital—</i>	£	s. d.	Property	£	s. d.
60,000 Shares of £1 each	£60,000		Stock	26,000	
<i>Issued Capital—</i>			Goodwill (equal to Two Years' Purchase of average profits)	8,000	
47,590 Shares of £1 each fully paid	47,590		Debtors	7,000	
Sundry Creditors	3,000		Cash at Bank	590	
	£	50,590	Preliminary Expenses	2,000	
				£	50,590

Preliminary Expenses, in this case, consists of—

- Cost of registration.
- Law costs.
- Printing and stationery.

## EXERCISE XV (G)—No. 31.

## PERRY &amp; KNOWLES, LTD.

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..													Cr.
Dr.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	Cr.
To Brewing Materials	.	.	.	.	.	.	30,244	6	4	49,743	2	11	
" Beer Duty	.	.	.	.	.	.	2,823	2	8				
" Wages	.	.	.	.	.	.	3,040	8	2				
" Balance, Gross Profit c/d	.	.	.	.	.	.	22,223	-	4	7,973	2	4	
										614	12	3	
							£ 58,330	17	6				
										£ 22,223	-	4	
										5,614	13	-	
										112	16	8	
To Trade Defence Fund (½ of £75 W/o)	.	.	.	.	.	.	37	10	-				
" Commissions	.	.	.	.	.	.	234	16	-				
" Discounts	.	.	.	.	.	.	314	4	2				
" Compensation Charges	.	.	.	.	.	.	437	5	-				
" Interest on Debentures	.	.	.	.	.	.							
" Add ½ Year's accrued	.	.	.	.	.	.	4,387	10	-				
Railway Claims W/o	.	.	.	.	.	.	12	7	-				
" Income Tax	.	.	.	.	.	.	1,083	4	8				
" Directors' Fees	.	.	.	.	.	.	500	-	-				
" General Trade Expenses	.	.	.	.	.	.							
" Less Rates unexpired	.	.	.	.	.	.	8,064	6	4				
										£ 27,950	10	-	
To Depreciation—													
Barrels (15% of £3 108/8/10)	.	.	.	.	.	.	465	19	4				
Horses, Drays, etc. (9% of £3 114/12/2)	.	.	.	.	.	.	190	6	3				
Plant, etc. (7½% of £7 104/2/3)	.	.	.	.	.	.	532	16	2				
Furniture and Fittings (5% of £207/6/4)	.	.	.	.	.	.	10	7	4				
										1,199	9	2	
										11,679	17	8	
Balance, Net Profit c/d	.	.	.	.	.	.							
										£ 27,950	10	-	
APPROPRIATION ACCOUNT													
Dr.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	Cr.
To Dividends Paid	.	.	.	.	.	.	17,977	15	4				
" Balance to Balance Sheet	.	.	.	.	.	.	10,516	14	5				
							£ 28,494	9	9				

EXERCISE XV (G)—No. 31 (contd.).

PERRY & KNOWLES, LTD.

BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.						PROPERTY AND ASSETS.								
<i>Nominal Capital—</i>			£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
6% Preference Shares	.	.	250,000	—	—				526,672	18	4	528,080	15	3
Ordinary Shares	.	.	250,000	—	—				1,407	16	11	16,111	19	4
			£500,000	—	—				7,104	2	9			
				—	—				532	16	2			
<i>Issued Capital—</i>									3,106	8	10	6,571	6	7
6% Preference Shares	.	.	249,610	—	—				465	19	4			
Ordinary Shares	.	.	250,000	—	—				2,114	12	2	2,640	9	6
Forfeited Shares Account	.	.							190	6	4			
4½% Debenture Stock	.	.							207	6	4	1,924	5	10
Debenture Interest accrued	.	.							10	7	4			
Mortgages on Licensed Property	.	.												
Reserve Fund	.	.												
Sundry Credits	.	.												
<i>Profit and Loss Account—</i>														
Balance available for distribution	.	.												
									7,973	2	4	8,587	14	7
									614	12	3			
									28,714	12	1			
									200	—	—			
									9,611	18	4	28,514	12	1
									800	—	—			
									3,797	8	9	8,811	18	4
									34	3	11			
												3,831	12	8
												4,305	12	6
												37	10	—
												437	5	—
												150	—	—
												£632,579	19	—

## EXERCISE XV (G)—No. 32.

## JOURNAL

19..		£	s.	d.	£	s.	d.
July 1	Freehold Buildings . . . . .	20,000	—	—			
	Buildings . . . . .	15,000	—	—			
	Plant, etc. . . . .	17,500	—	—			
	Work in Progress . . . . .	22,500	—	—			
	Stocks . . . . .	20,000	—	—			
	Sundry Debtors . . . . .	14,250	—	—			
	Bank . . . . .	5,735	—	—			
	Cash . . . . .	15	—	—			
	To Vendor Account . . . . .				100,000	—	—
	„ Sundry Creditors . . . . .				3,050	—	—
	„ Capital Reserve . . . . .				11,950	—	—
	Assets and Liabilities taken over as at this date.						
		£115,000	—	—	£115,000	—	—

## EXERCISE XV (G)—No. 33.

## JOURNAL

	£	s.	d.	£	s.	d.
Share Capital Account . . . . . Dr.	18,750	—	—			
To Profit and Loss Account . . . . .				18,750	—	—
Reduction of 75,000 Shares of £1 each, fully paid to 75,000 Shares of 15s. each, fully paid, as per Order of the Court, dated .....						



THE BLANK CO., LTD., AND REDUCED  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.	£	s.	d.	PROPERTY AND ASSETS.	£	s.	d.
<i>Nominal Capital—</i>				Leasehold Works	3,820	—	—
100,000 Preference Shares @ 10/- each	50,000	—	—	Less Amount written off	1,200	—	—
100,000 Ordinary Shares @ 6/8 ea.	33,333	—	—	Machinery and Plant	4,120	—	2,620
	83,333	—	—	Less 20% Depreciation	824	—	—
				Patents Account	114,663	—	3,296
<i>Issued and Paid-up Capital—</i>				Less Amount written off	58,470	—	—
74,720 Preference Shares of 10/- each, fully paid	37,360	—	—	Stock	4,921	—	56,193
42,633 Ordinary Shares of 6/8 each, fully paid	14,211	—	—	Less Amount written off	1,400	—	—
				Sundry Debtors		—	3,521
Sundry Creditors				Cash in hand		—	1,241
Bank Overdraft						—	28
							£66,899
							£

EXERCISE XV (G)—No. 35.

Dr.

CONTRACT No. 1

Cr.

19..		£	s.	d.	19..		£	s.	d.
To Purchases . . .		30,000	—	—	By Work certified for		£60,000 × 100	—	—
„ Wages and Salaries . . .		43,000	—	—			<u>80</u>	—	—
„ Sundry Expenses . . .		2,500	—	—	„ Materials on hand, and work		done (not certified for)	—	—
„ Plant and Machinery . . .		5,000	—	—	„ Plant and Machinery . . .		2,500	—	—
„ Balance (estimated Profit)		1,500	—	—	„ (less 10% Depreciation)		4,500	—	—
		£82,000	—	—			£82,000	—	—

Dr.

CONTRACT No. 2

Cr.

19..		£	s.	d.	19..		£	s.	d.
To Purchases . . .		80,000	—	—	By Work certified for		£120,000 + £22,500	—	—
„ Wages and Salaries . . .		56,000	—	—	„ Materials on hand, etc.		6,500	—	—
„ Sundry Expenses . . .		1,500	—	—	„ Plant and Machinery . . .		3,150	—	—
„ Plant and Machinery . . .		3,500	—	—	„ (less 10% Depreciation)			—	—
„ Balance (estimated Profit)		11,150	—	—					
							£152,150	—	—

## EXERCISE XV (G)—No. 36.

## HEAD OFFICE JOURNAL

19..		£		s. d.		£		s. d.	
	Australian Manager . . . . .	5,000		—	—	5,000		—	—
	To Bank . . . . .								
	Capital Expenditure Account—WAGES.	1,000		—	—	1,000		—	—
	To Australian Manager . . . . .								
	Capital Expenditure . . . . .	500		—	—	500		—	—
	To Stores Account . . . . .								
	<i>Mining and Milling Account—</i>								
	Wages . . . . . £1,200								
	Salaries . . . . . 500								
	Sundry Expenses . . . . . 200								
		1,900		—	—				
	Stores Account . . . . .	1,500		—	—	3,400		—	—
	To Australian Manager . . . . .								
	Mining and Milling Account . . . . .	700		—	—	700		—	—
	To Stores Account . . . . .								
	Australian Manager . . . . .	2,400		—	—	2,400		—	—
	To Bullion (Sales) . . . . .								
	Bullion (Stock) . . . . .	500		—	—	500		—	—
	To Bullion (Stock) . . . . .								
		£13,500		—	—	13,500		—	—

EXERCISE XV (G)—No. 37.

THE WAYSIDE BOOT CO., LTD.

[illegible]

EXERCISE XV (G)—No. 37 (*contd.*).

THE WAYSIDE BOOT CO., LTD.

<i>Dr.</i>	APPROPRIATION ACCOUNT						<i>Cr.</i>	
				<i>s.</i>	<i>d.</i>			
To Balance, 1st Jan.	.	.	.	—	—	—	<i>s.</i>	<i>d.</i>
" Contribution to Pension Fund	.	.	.	—	—	—	7,112	9
" Bonus Paid to Employees	.	.	.	—	—	—	—	—
" Balance to Balance Sheet	.	.	.	9	—	—	—	—
				<i>£7,112</i>	<i>9</i>	—	<i>£7,112</i>	<i>9</i>
				By Current Year's Profit.				
				1,288	—	—		
				360	—	—		
				763	—	—		
				4,613	9	—		
				<i>£7,112</i>	<i>9</i>	—	<i>£7,112</i>	<i>9</i>

BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.		PROPERTY AND ASSETS.	
<i>Issued Capital</i> —	<i>Reserve Fund</i> —	<i>Fixed Assets</i> —	<i>Current Assets</i> —
£	s. d.	£	s. d.
10,000	—	18,442	—
10,000	—	461	1
40,000	—	7,455	10
50,000	—	745	10
10,000	—	946	—
35,820	—	146	—
45,820	—	—	—
5,000	—	13,241	—
4,980	—	5,192	—
2,162	—	16,245	—
11,747	—	750	—
150	—	—	—
472	—	—	—
4,613	9	—	—
10,000	—	—	—
10,000	—	—	—
40,000	—	—	—
50,000	—	—	—
10,000	—	—	—
35,820	—	—	—
45,820	—	—	—
5,000	—	—	—
4,980	—	—	—
2,162	—	—	—
11,747	—	—	—
150	—	—	—
472	—	—	—
4,613	9	—	—
10,000	—	—	—
10,000	—	—	—
40,000	—	—	—
50,000	—	—	—
10,000	—	—	—
35,820	—	—	—
45,820	—	—	—
5,000	—	—	—
4,980	—	—	—
2,162	—	—	—
11,747	—	—	—
150	—	—	—
472	—	—	—
4,613	9	—	—
10,000	—	—	—
10,000	—	—	—
40,000	—	—	—
50,000	—	—	—
10,000	—	—	—
35,820	—	—	—
45,820	—	—	—
5,000	—	—	—
4,980	—	—	—
2,162	—	—	—
11,747	—	—	—
150	—	—	—
472	—	—	—
4,613	9	—	—
10,000	—	—	—
10,000	—	—	—
40,000	—	—	—
50,000	—	—	—
10,000	—	—	—
35,820	—	—	—
45,820	—	—	—
5,000	—	—	—
4,980	—	—	—
2,162	—	—	—
11,747	—	—	—
150	—	—	—
472	—	—	—
4,613	9	—	—
10,000	—	—	—
10,000	—	—	—
40,000	—	—	—
50,000	—	—	—
10,000	—	—	—
35,820	—	—	—
45,820	—	—	—
5,000	—	—	—
4,980	—	—	—
2,162	—	—	—
11,747	—	—	—
150	—	—	—
472	—	—	—
4,613	9	—	—
10,000	—	—	—
10,000	—	—	—
40,000	—	—	—
50,000	—	—	—
10,000	—	—	—
35,820	—	—	—
45,820	—	—	—
5,000	—	—	—
4,980	—	—	—
2,162	—	—	—
11,747	—	—	—
150	—	—	—
472	—	—	—
4,613	9	—	—
10,000	—	—	—
10,000	—		

## EXERCISE XV (G)—No. 38.

## BOOKS OF WYNNE CO., LTD.

*Dr.*

## BUSINESS REALIZATION ACCOUNT

*Cr.*

<i>Dr.</i>		£	s.	d.	<i>Cr.</i>		£	s.	d.
19..	To Sundry Assets	261,352	—	—	19..	By Sundry Creditors	35,628	—	—
	" Cash	600	—	—		" Wyngarde Co., Ltd.	232,500	—	—
	(Expenses of Realization)					(Total of purchase price of business)			
	" Debenture-holders (Premium on Debentures)	2,500	—	—					
	" Sundry Shareh'drs. (Profit on Realization transf'r'd)	3,676	—	—					
		<u>£268,128</u>	—	—			<u>£268,128</u>	—	—

*Note.*—The Purchase price of business is arrived at as under—

(1)	150,000 fully-paid Shares of £1 each	150,000
(2)	Cash	30,000
(3)	Payment of Debentures at a premium of 5%	52,500
	<b>TOTAL</b>	<u>£232,500</u>

*Dr.*

## THE WYNGARDE CO., LTD.

*Cr.*

<i>Dr.</i>		£	s.	d.	<i>Cr.</i>		£	s.	d.
19..	To Business Realization A/c	232,500	—	—	19..	By Shares A/c	150,000	—	—
						" Debentures	50,000	—	—
						" Debenture Prem.	2,500	—	—
						" Cash	30,000	—	—
		<u>£232,500</u>	—	—			<u>£232,500</u>	—	—

*Dr.*

## SHARES ACCOUNT

*Cr.*

<i>Dr.</i>		£	s.	d.	<i>Cr.</i>		£	s.	d.
19..	To Wyngarde Co., Ltd. (Shares received)	150,000	—	—	19..	By Shareholders (Shares distributed)	150,000	—	—

*Dr.*

## SHARE CAPITAL ACCOUNT

*Cr.*

<i>Dr.</i>		£	s.	d.	<i>Cr.</i>		£	s.	d.
19..	To Sundry Shareh'drs	150,000	—	—	19..	By Balance b/f	150,000	—	—

EXERCISE XV (G)—No. 38 (*contd.*).

<i>Dr.</i>				SUNDRY SHAREHOLDERS				<i>Cr.</i>			
19..	To Shares A/c . . .	£	s. d.	19..	By Capital A/c . . .	£	s. d.				
	" Cash . . .	150,000	— —		" Reserve A/c . . .	20,000	— —				
	(£30,000 less Expenses of Realization)	29,400	— —		" Profit and Loss A/c . . .	5,724	— —				
					" Business Realization A/c . . .	3,676	— —				
					(Profit on Realization)						
		£179,400	— —			£179,400	— —				

<i>Dr.</i>				DEBENTURES ACCOUNT				<i>Cr.</i>			
19..	To Debenture-holders.	£	s. d.	19..	By Balance b/f . . .	£	s. d.				
		50,000	— —			50,000	— —				

<i>Dr.</i>				DEBENTURE-HOLDERS' ACCOUNT				<i>Cr.</i>			
19..	To Wyngarde Co., Ltd.	£	s. d.	19..	By Debentures . . .	£	s. d.				
		52,500	— —		" Business Realization A/c . . .	50,000	— —				
					(Prem. on Debs.)	2,500	— —				
		£52,500	— —			£52,500	— —				

The " Reserve Account " and the " Profit and Loss Account " are closed by transfer to the " Sundry Shareholders' Account."

<i>Dr.</i>				BOOKS OF GARDE CO., LTD.				<i>Cr.</i>			
BUSINESS REALIZATION ACCOUNT											
19..	To Sundry Assets . . .	£	s. d.	19..	By Sundry Creditors . . .	£	s. d.				
	" Cash . . .	128,640	— —		" Wyngarde Co., Ltd. . . .	19,958	— —				
	(Expenses of Realization)	450	— —		(Total of purchase price of business)	110,000	— —				
	" Sundry Shareh'd'rs (Profit on Realization transfer'd)	868	— —								
		£129,958	— —			£129,958	— —				

*Note.*—The Purchase price of business is arrived at as under—

(1) 100,000 fully-paid Shares of £1 each . . .	£100,000
(2) Cash . . . . .	10,000
<b>TOTAL . . . . .</b>	<b>£110,000</b>

EXERCISE XV (G)—No. 38 (*contd.*).

*Dr.*                                      THE WYNGARDE CO., LTD.                                      *Cr.*

19..		£	s.	d.	19..		£	s.	d.
	To Business Realization A/c . .	110,000	—	—		By Shares A/c . .	100,000	—	—
						„ Cash . .	10,000	—	—
		<u>£110,000</u>	—	—			<u>£110,000</u>	—	—

*Dr.*                                      SHARES ACCOUNT                                      *Cr.*

19..		£	s.	d.	19..		£	s.	d.
	To Wyngarde Co., Ltd. (Shares received)	100,000	—	—		By Sundry Sharehldrs (Shares dist'btd)	100,000	—	—

*Dr.*                                      SHARE CAPITAL ACCOUNT                                      *Cr.*

19..		£	s.	d.	19..		£	s.	d.
	To Sundry Sharehldrs.	100,000	—	—		By Balance b/f . .	100,000	—	—

*Dr.*                                      SUNDRY SHAREHOLDERS                                      *Cr.*

19..		£	s.	d.	19..		£	s.	d.
	To Shares A/c . .	100,000	—	—		By Capital A/c . .	100,000	—	—
	„ Cash . .	9,550	—	—		„ Reserve A/c . .	5,000	—	—
	(£10,000 less £450 for Expenses)					„ Profit and Loss A/c . .	3,682	—	—
						„ Business Realization A/c . .	868	—	—
						(Profit on Realization)			
		<u>£109,550</u>	—	—			<u>£109,550</u>	—	—

The “ Reserve Account ” and the “ Profit and Loss Account ” are closed by transfer to the “ Sundry Shareholders' Account.”

## BOOKS OF THE WYNGARDE CO., LTD.

*Dr.*                                      LIQUIDATOR OF THE WYNNE CO., LTD.                                      *Cr.*

19..		£	s.	d.	19..		£	s.	d.
	To Creditors . .	35,628	—	—		By Sundry Assets . .	261,352	—	—
	(Liabilities taken over)					„ Goodwill A/c . .	6,776	—	—
	„ Shares . .	150,000	—	—					
	(Part payment of Purchase price)								
	„ Debentures (do.) . .	52,500	—	—					
	„ Cash (do.) . .	30,000	—	—					
		<u>£268,128</u>	—	—			<u>£268,128</u>	—	—



EXERCISE XV (G)—No. 38 (*contd.*).

<i>Dr.</i>				LIQUIDATOR OF THE GARDE CO., LTD.				<i>Cr.</i>			
19..	To Creditors . . . . . (Liabilities taken over)	£	s. d.	19..	By Sundry Assets . . . . .	£	s. d.	128,640	-	-	
	„ Shares . . . . . (Part payment of Purchase price)	100,000	- -		„ Goodwill A/c . . . . .	1,318	- -				
	„ Cash . . . . . (Payment of bal. of Purchase price)	10 000	- -								
		£129,958	- -					£129,958	- -	- -	

<i>Dr.</i>				SHARE CAPITAL ACCOUNT				<i>Cr.</i>			
19..	To Balance c/d . . . . .	£	s. d.	19..	By Wynne Co. . . . .	£	s. d.	150,000	-	-	
		350,000	- -		„ Garde Co. . . . .	100,000	- -				
					„ Sundry Sharehdrs.	250,000	- -				
						100,000	- -				
		£350,000	- -			£350,000	- -				
					By Balance b/d . . . . .	350,000	- -				

<i>Dr.</i>				CASH ACCOUNT				<i>Cr.</i>			
19..	To Cash transferred from—	£	s. d.	19..	By Wynne Co. . . . . (Debentures paid off at a premium of 5%)	£	s. d.	52,500	-	-	
	Wynne Co. . . . .	18,902	- -		„ Wynne Co. . . . . (Balance of Purchase price)	30,000	- -				
	„ Garde Co. . . . .	1,234	- -		„ Garde Co. . . . . (Balance of Purchase price)	10,000	- -				
	„ Sundry Sharehdrs.	100,000	- -		„ Preliminary Exps.	1,260	- -				
					„ Balance c/d . . . . .	26,376	- -				
		£120,136	- -			£120,136	- -				
	To Balance b/d . . . . .	26,376	- -								

EXERCISE XV (G)—No. 38 (contd.).

THE WYNGARDE CO., LTD.  
BALANCE SHEET

CAPITAL AND LIABILITIES.		£	s.	d.	£	s.	d.	PROPERTY AND ASSETS.		£	s.	d.
<i>Nominal Capital—</i>								Land and Buildings		117,880	—	—
400,000 Shares of £1 each		£400,000	—	—				Plant and Machinery		54,145	—	—
<i>Issued Capital—</i>								Stock-in-Trade		69,196	—	—
350,000 Shares of £1 each,								Goodwill		45,094	—	—
fully paid.								Sundry Debtors		71,758	—	—
Sundry Creditors								Bills Receivable		19,877	—	—
								Bank		26,376	—	—
								Preliminary Expenses		1,260	—	—
										£405,586	—	—

Note.—The value of Goodwill as stated in the Balance Sheet is arrived at as follows—

(1) Goodwill Account of the Wynne Co.	£
(2) Goodwill Account of the Wynne Co.	25,000
(3) Balance of Liquidator of Garde Co.'s Account	12,000
(4) Balance of Liquidator of Wynne Co.'s Account	1,318
	6,776
	<u>45,094</u>

EXERCISE XV (G)—No. 39.

THE UNIT CO., LTD.  
BALANCE SHEET AS AT 1st JULY, 19..

CAPITAL AND LIABILITIES.		£	s.	d.	£	s.	d.	PROPERTY AND ASSETS.		£	s.	d.
<i>Nominal Capital—</i>								Investments		95,000	—	—
150,000 Shares of £1 each.		£150,000	—	—				Bank		1,000	—	—
<i>Issued Capital—</i>								Formation Expenses.		2,000	—	—
98,000 Shares of £1 each.												
										98,000	—	—
										£98,000	—	—

EXERCISE XV (G)—No. 39 (*contd.*).

## JOURNAL OF THE ESS CO., LTD.

19..		£	s.	d.	£	s.	d.
July 1	Investments Account . . . . Dr. To Cash Purchase of 1,500 Ordinary Shares of £1 each in the UNIT Co., LTD., by B (Manager).	1,500	-	-	1,500	-	-

## JOURNAL OF THE TEE CO., LTD.

19..		£	s.	d.	£	s.	d.
July 1	Investments Account . . . . Dr. To Cash Purchase of 1,500 Ordinary Shares of £1 each in the UNIT Co., LTD., by F (Manager).	1,500	-	-	1,500	-	-

*Note.*—The purchase by THE UNIT Co., LTD., of the whole of the Ordinary Shares of both companies would be dealt with through the TRANSFER REGISTERS, etc., of the respective companies.

## JOURNAL OF THE UNIT CO., LTD.

19..		£	s.	d.	£	s.	d.
July 1	Investments Account . . . . To Ordinary Share Capital Purchase of 50,000 Ordinary Shares of £1 each (at par) by the issue of 50,000 Ordinary Shares of £1 each, as fully paid, to the Ordinary Shareholders of the Ess Co., LTD.	50,000	-	-	50,000	-	-
" 1	Investments Account . . . . To Ordinary Share Capital Purchase of 30,000 Ordinary Shares of £1 each (at a premium of 50%) by the issue of 45,000 Ordinary Shares of £1, as fully paid, to the ordinary share- holders of the TEE Co., LTD.	45,000	-	-	45,000	-	-
" 1	B, Manager of the Ess Co., LTD. . To Ordinary Share Capital Issue of 1,500 shares of £1 each.	1,500	-	-	1,500	-	-

EXERCISE XV (G)—No. 39 (*contd.*).JOURNAL OF THE UNIT CO., LTD.—(*contd.*)

19..		£	s.	d.	£	s.	d.
July 1	F, Managing Director of the TEE Co., Ltd..	1,500	—	—	1,500	—	—
	To Ordinary Share Capital . . . . .						
	Issue of 1,500 shares of £1 each.						
" 1	Bank . . . . .	3,000	—	—			
	To B, Managing Director of Ess Co.. . . . .				1,500	—	—
	„ F, Managing Director of TEE Co. . . . .				1,500	—	—
" 1	Formation Expenses . . . . .	2,000	—	—			
	To Bank . . . . .				2,000	—	—
		£103,000	—	—	£103,000	—	—

## EXERCISE XV (G)—No. 40.

## JOURNAL OF A CO., LTD.

19..		£	s.	d.	£	s.	d.
Jan. 1	Business Realization Account <i>Dr.</i>	87,110	—	—			
	To Goodwill . . . . .				35,000	—	—
	„ Freehold Land & Buildings. . . . .				15,650	—	—
	„ Machinery and Plant . . . . .				3,210	—	—
	„ Fixtures and Fittings . . . . .				850	—	—
	„ Sundry Debtors. . . . .				10,990	—	—
	„ Stock . . . . .				4,660	—	—
	„ Investments . . . . .				14,650	—	—
	„ Cash at Bank, etc. . . . .				2,100	—	—
	Sundry assets taken over by B Co.						
" 1	Sundry Creditors. . . . . <i>Dr.</i>	7,650	—	—			
	To Business Realization A/c . . . . .				7,650	—	—
	Trade liabilities taken over by B Co.						
" 1	B Co.. . . . . <i>Dr.</i>	107,600	—	—			
	To Business Realization A/c . . . . .				107,600	—	—
	Purchase price of business as per terms agreed to as at 1st Jan.						
" 1	Business Realization Account <i>Dr.</i>	28,140	—	—			
	To Debenture-holders . . . . .				600	—	—
	„ Sundry Shareholders . . . . .				27,540	—	—
	Transfer of premium on debentures and profit on realization.						

EXERCISE XV (G)—No. 40 (*contd.*)JOURNAL OF A CO., LTD.—(*contd.*)

19..		£	s.	d.	£	s.	d.
Jan. 1	Share Capital Account . . . Dr.	47,500	—	—			
	Reserve Fund . . . . . "	15,000	—	—			
	Profit and Loss A/c ( <i>Cr.</i> balance) . .	4,960	—	—			
	To Sundry Shareholders . . . .				67,460	—	—
	Transfer of balances.						
" 1	Debentures (A Co.'s) . . . . Dr.	12,000	—	—			
	To Debenture-holders . . . .				12,000	—	—
	Balance transferred.						
" 1	Shares Account (B Co.'s) . . . Dr.	71,250	—	—			
	Debentures Account (B Co.'s) . . "	12,600	—	—			
	To B Co. . . . .				83,850	—	—
	Receipt of £12,600 debentures and 142,000 shares of 10/- each share in part payment of purchase price of business.						
" 1	Bank . . . . . Dr.	23,750	—	—			
	To B Co., Ltd. . . . .				23,750	—	—
	Balance of purchase price received.						
" 1	Sundry Shareholders . . . . Dr.	95,000	—	—			
	To Shares Account (B Co.'s) . .				71,250	—	—
	" Cash . . . . .				23,750	—	—
	Issue of 142,000 10/- B Co.'s shares in exchange for 47,500 shares in A Co. and payment of cash as per arrangement.						
" 1	Debenture-holders . . . . Dr.	12,600	—	—			
	To Debentures (B Co.'s) . . . .				12,600	—	—
	Issue of 6% debentures in ex- change for debentures in A Co.						
		£525,160	—	—	£525,160	—	—

*Note.*—The Purchase price of business taken over by B Co. is arrived at as under—

(1) Payment by B Co. of A Co.'s Debentures at 105% by issue of 6% Debentures . . . . .	£ 12,600	✓
(2) Payment of 10/- per share to each of A Co.'s share- holders by B Co. . . . .	23,750	✓
(3) Issue of three 10s. shares (at par) for each £1 share to the shareholders in A Co. by B Co.. . . .	71,250	
<b>TOTAL</b> . . . . .	<u>£107,600</u>	✗

EXERCISE XV (G)—No. 40 (*contd.*).

## JOURNAL OF B CO. LTD.

19..		£	s.	d.	£	s.	d.
Jan. 1	Freehold Land and Buildings <i>Dr.</i>	15,650	—	—			
	Machinery and Plant . . . . .	3,210	—	—			
	Fixtures and Fittings . . . . .	850	—	—			
	Sundry Debtors . . . . .	10,990	—	—			
	Stock . . . . .	4,660	—	—			
	Investments . . . . .	14,650	—	—			
	Cash at Bank and in hand . . . . .	2,100	—	—			
	Goodwill (£35,000 + £28,140) . . . . .	63,140	—	—			
	To Sundry Creditors . . . . .				7,650	—	—
	„ Liquidator of A Co. . . . .				107,600	—	—
	Sundry assets and liabilities taken over as per agreement of 1st Jan., 19..						
„ 1	Liquidator of A Co. . . . . <i>Dr.</i>	107,600	—	—			
	To Share Capital . . . . .				71,250	—	—
	„ 6% Debentures . . . . .				12,600	—	—
	„ Cash . . . . .				23,750	—	—
	Payment of purchase price of business by issue of 142,000 10/- shares, £12,600 6% debentures, and balance in cash.						
		£222,850	—	—	£222,850	—	—

## EXERCISE XV (G)—No. 41.

## JOURNAL OF X CO. (OLD)

19..		£	s.	d.	£	s.	d.
	Business Realization A/c . Dr.	29,704	—	—			
	To Land and Buildings . . .				2,300	—	—
	„ Plant and Machinery . . .				2,108	—	—
	„ Furniture and Fittings . . .				415	—	—
	„ Stock . . . . .				3,691	—	—
	„ Sundry Debtors . . . . .				12,674	—	—
	„ Cash at Bank, etc. . . . .				8,516	—	—
	Sundry Creditors . . . Dr.	5,674	—	—			
	To Business Realization A/c . .				5,674	—	—
	Business Realization A/c . Dr.	43	—	—			
	To Cash (Exps. of Realization) .				43	—	—
	X Co. (NEW) . . . . . Dr.	57,450	—	—			
	To Business Realization A/c . .				57,450	—	—
	Shares Account . . . . . Dr.	50,000	—	—			
	Cash . . . . . „	7,450	—	—			
	To X Co. (NEW) . . . . .				57,450	—	—
	Capital Account . . . . . Dr.	18,000	—	—			
	Reserve Fund . . . . .	15,000	—	—			
	Profit and Loss Account . . . . .	7,450	—	—			
	To Sundry Shareholders . . . .				40,450	—	—
	Business Realization A/c . Dr.	33,377	—	—			
	To Sundry Shareholders . . . .				33,377	—	—
	Sundry Shareholders . . . . .	73,827	—	—			
	To Shares Account . . . . .				50,000	—	—
	„ Cash . . . . .				7,407	—	—
	„ Investments . . . . .				16,420	—	—
		£297,975	—	—	£297,975	—	—

The above entries CORRECTLY posted will CLOSE the books of X Co., LTD. (OLD).

*Each of the five shareholders receives—*

- (1) 10,000 £1 shares.
- (2) £3,284 investments.
- (3) £1,481 8s. in cash.

EXERCISE XV (G)—No. 41 (contd.).

THE X CO., LTD (NEW)  
BALANCE SHEET AS AT 1ST JANUARY, 19..

CAPITAL AND LIABILITIES.				PROPERTY AND ASSETS.			
<i>Nominal Capital—</i>		£	s. d.	£	s. d.	£	s. d.
75,000 Ordinary Shares of £1 each		75,000	—			5,000	—
<i>Issued Capital—</i>						3,500	—
50,000 Ordinary Shares of £1 each,						500	—
fully paid						29,400	—
Sundry Creditors						3,691	—
						12,674	—
						895	—
						14	—
						55,674	—

EXERCISE XV (G)—No. 42.  
A CO., LTD.

JOURNAL

19..	£	s. d.	£	s. d.
Patent Rights	40,000	—		
Sundry Debtors	5,000	—		
Goodwill	10,000	—		
To Liquidator of D Co.			55,000	—
Liquidator of D Co.	55,000	—		
To Ordinary Share Capital			20,000	—
Preference Share Capital			25,000	—
" Premium on Shares			10,000	—
			£110,000	—



EXERCISE XV (G)—No. 42 (contd.).

A CO., LTD.

BALANCE SHEET

CAPITAL AND LIABILITIES.				PROPERTY AND ASSETS.			
<i>Nominal Capital—</i>		£	s. d.	£	s. d.	£	s. d.
70,000 Ordinary Shares of £1 each		70,000	—			40,000	—
75,000 Preference Shares of £1		75,000	—			60,000	—
		£145,000	—			40,000	—
						10,000	—
<i>Issued Capital—</i>						25,000	—
70,000 Ordinary Shares of £1 each		70,000	—			10,000	—
75,000 Preference Shares of £1		75,000	—			20,000	—
Debentures							
Reserve				145,000	—		
Premium on Shares				25,000	—		
Sundry Creditors				10,000	—		
Profit and Loss Account				10,000	—		
				5,000	—		
				10,000	—		
				£205,000	—	£205,000	—

EXERCISE XV (G)—No. 43.

THE SYNDICATE

BALANCE SHEET

CAPITAL AND LIABILITIES.									
£	s.	d.	£	s.	d.	£	s.	d.	s.
Bank Overdraft . . . . .						PROPERTY AND ASSETS.			
Bills Payable . . . . .						Freehold Land and Buildings			97,500
Mortgages . . . . .						Freehold Cottages . . . . .			17,500
Sundry Creditors . . . . .						Leasehold Property . . . . .			5,000
Reserve for Income Tax . . . . .	10,000	—				Plant and Machinery . . . . .			100,000
Reserve for Corporation Profits Tax	1,750	—				Motor Vehicles . . . . .			10,000
						Fixtures and Fittings . . . . .			12,000
Bailey Manufacturing Co., Ltd.						Loose Tools . . . . .			14,000
(Vendors) . . . . .						Stock . . . . .	35,000	—	80,500
						Sundry Debtors . . . . .	1,750	—	
						Less Bad Debts Reserve . . . . .			
						Investments . . . . .			33,250
						Inland Revenue Claim . . . . .			10,000
									13,000
									£392,750

Each shareholder would receive  $\frac{£275,000}{£150,000}$  shares in exchange for each £1 share, i.e.  $\frac{11}{8}$  = 1 $\frac{1}{8}$  shares for each £1 share.





TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

	£	s. d.	£	s. d.	£	s. d.
To Stock of Manufactured Goods at start . . . . .	5,674	13 9			73,086	14 2
„ Manufacturing Account . . . . .	53,093	6 2			2,378	12 7
(Cost of Goods manufactured, as per Account (b) ) . . . . .						
„ Balance, Gross Profit c/d . . . . .	17,449	12 2				
	£ 76,217	12 1			£ 76,217	12 1

[illegible]

*Dr.* MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

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EXERCISE XVI—No. 1. (Form No. 2) (contd.).

Dr.				Cr.			
TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..							
To Stock of Manufactured Goods at start . . . . .	£	s.	d.	By Sales . . . . .	£	s.	d.
" Manufacturing Account . . . . .	5,674	13	9	Less Returns Inwards . . . . .	73,086	14	2
(Trade price of goods)	58,472	1	8		2,378	12	7
Less Stock of Manufactured Goods at close . . . . .	64,146	15	5				
	5,509	10	6				
PRIME COST OF SALES . . . . .	58,637	4	11				
" Balance, Gross Profit on Sales . . . . .	12,070	16	8				
	£ 70,708	1	7		£ 70,708	1	7

Dr.				Cr.			
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..							
				By Manufacturing Account . . . . .	£	s.	d.
				" Trading Account . . . . .	5,378	15	6
					12,070	16	8
					£ 17,449	12	2

*Dr.* MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

[illegible]

TRADING ACCOUNT

19..	f	s.	d.	19..	f	s.	d.
Jan. 1		23,642	16	Dec. 31		123,350	8
Dec. 31		63,530	17	" 31		37,838	11
31		68,035	8	"			6
						£161,209	3
							2



## Dr. S

Cf.

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EXERCISE XVI—No. 3 (b).

Dr.

WEAVING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Purchases of Yarns, etc.				4,106	12	5			
" Freight and Carriage				763	14	9			
" Wages and Salaries				28,780	15	6			
" Coals, £1,127/14/11; Tallow, Oils, etc., £165/2/9.				1,292	17	8			
Gas, Electric Light, and Water				128	16	7			
" Shuttles, Pickers, Picking Bands, - etc.				538	10	8			
" Reeds, Combs, and Healds.				309	14	6			
" Brushes and Sundries				105	3	10			
" Strapping and Laces.				96	12	3			
" Skips, Bobbins, and Skewers				114	3	6			
" Flour and Sizing Materials				1,594	11	7			
" Rates, Taxes, and Insurance				226	13	4			
" Mill Charges and Sundry Stores				197	10	5			
" Horse and Stable Expenses				112	4	10			
" Repairs to Buildings, Engines, Boilers, etc.				478	13	6			
" Depreciation of Plant and Machinery				2,087	19	5			
				£ 40,934	14	9			
By Sale of—									
Waste							136	15	2
Sundries							95	6	8
" Balance, transferred to Trading Account							232		110
							40,702	12	11
							£ 40,934	14	9

EXERCISE XVI—No. 3 (c).

Dr. TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To <i>Stocks of Cloth, 1st Jan.</i> —									
At Mills . . . . .	40,785	10	2				61,728	15	6
At Warehouse . . . . .	75,016	11	6				160,906	14	11
At Bleachers and Dyers . . . . .	9,528	16	8				12,614	13	8
				125,330	18	4			
Goods Purchased . . . . .				8,675	10	3			235,250
" Bleaching, Dyeing, and									9,427
Printing . . . . .				28,487	11	5			13
Carriage . . . . .				339	16	7	40,753	2	10
" Packing . . . . .				273	14	8	76,017	14	8
" Spinning Account . . . . .	100,950	18	4				8,426	11	9
(Amount transferred)									125,197
" Weaving Account . . . . .	40,702	12	11						9
(Amount transferred)				141,653	11	3			3
" Balance (Gross Profit) . . . . .				65,114	4	4			
				£369,875	6	10			
							£369,875	6	10

EXERCISE XVI—No. 4.

# THE "NEWBELL" BRICKWORKS

Dr. MANUFACTURING AND TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 19.. Cr.

	£	s.	d.
To Coal Consumed.	.	.	.
" Stores Consumed	.	.	.
" Rations . . . .	.	.	.
" Wages . . . .	.	.	.
" Stable Expenses	.	.	.
" Rent . . . . .	.	.	.
" Carriage Inwards	.	.	.
" Repairs and Renewals	.	.	.
" Medical Fees . .	.	.	.
" Depreciation—	.	.	.
Plant. . . . .	106	2	11
Machinery . . .	195	13	6
Kilns . . . . .	203	4	7
Pumping Plant .	12	6	9
Railway Siding .	10	14	5
Balance (Gross Profit)	.	.	.
	£9,416	8	7

EXERCISE XVI—No. 5.

TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

Dr.

		% on Sales.	£	s.	d.		% on Sales.	£	s.	d.
To Stock, 1st Jan..	.	.	8,947	10	6	By Sales	.	23,529	16	8
" Purchases (Net)	.	.	12,056	3	7	" Work in Progress, 31st Dec.	.	1,628	19	2
Less Stock, 31st Dec.	.	.	21,003	14	1	Less Work in Progress, 1st Jan.	.	25,158	15	10
PRIME COST OF SALES	.	47-03	9,765	19	3	TURNOVER	.	1,263	5	1
Carriage Inwards	.	7-78	11,237	14	10		100-00	23,895	10	9
" Wages	.	15-00	1,857	10	2					
" Balance, Gross Profit	.	30-19	3,585	16	2	By Trading Account, Gross Profit	.	7,214	9	7
	.		7,214	9	7					
	.	100-00	23,895	10	9					
To Salaries	.	2-04	486	12	5					
" Commission	.	1-37	327	5	10					
" Advertising	.	1-37	326	13	7					
" Discount	.	1-60	384	9	4					
" Rent, Rates, and Taxes	.	1-57	375	14	5					
" Carriage Outwards	.	1-48	352	17	9					
" Trade Expenses	.	1-57	375	11	4					
" Bad Debts	.	1-37	327	6	10					
" Depreciation	.	1-61	384	15	8					
" Interest on Capital	.	1-08	257	11	6					
" Balance, Net Profit	.	15-13	3,615	10	11					
	.	30-19	£7,214	9	7					

EXERCISE XVI—No. 6.

KRYNX GOLD MINING CO., LTD.

MINE WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..										Cr.
Dr.	£	s.	d.	£	s.	d.	By Bullion Account .	£	s.	d.
To Ore Extraction—										
Expenses of Mining								246,017	13	2
Reduction of Ore—								2,034	15	6
Milling . . . . .	16,517	12	8							
Concentrating . . . . .	10,026	5	3							
Cyaniding . . . . .	44,587	2	9							
Tramming . . . . .	4,866	12	11							
Concession Rents Paid . . . . .				75,997	13	7				
Royalties Paid . . . . .				600	—	—				
Prospecting Expenses . . . . .				3,427	10	5				
Claim Expenses . . . . .				1,013	1	8				
Wages at Mine . . . . .				1,768	15	3				
General Charges at Mine . . . . .				4,026	4	10				
Bank Charges . . . . .				2,347	13	6				
Depreciation at Works, Machinery, etc. . . . .				1,428	17	5				
Balance (Gross Profit) . . . . .				5,043	12	8				
				111,573	2	9				
				£248,052	8	8		£248,052	8	8

EXERCISE XVI—No. 7.

“ KOOMRIE ” TOBACCO PLANTATIONS, LTD.

PLANTATION WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

	£	s.	d.	£	s.	d.	By Proceeds of Sale of Tobacco	£	s.	d.
To <i>Plantation Wages</i> —										
Planting . . . . .	13,016	14	8							
Manufacturing . . . . .	4,408	12	2							
				17,425	6	10				
„ <i>Plantation Salaries</i> —										
European Staff . . . . .	7,087	3	11							
Native Overseers . . . . .	2,007	16	5							
Native Watchmen . . . . .	896	7	10							
				9,991	8	2				
„ Coolie Expenses (Brokerage, Passage Money, etc.) . . . . .				2,956	11	6				
„ Hospital Working Expenses . . . . .				1,016	4	8				
„ Transport Expenses . . . . .				1,037	2	6				
„ General Plantation Expenses . . . . .				1,216	18	7				
„ Stable Expenses . . . . .				602	10	9				
„ Loss (by death) of Advances to Coolies . . . . .				536	5	2				
„ Wastage of Live Stock (Ponies, Bullocks, etc.) . . . . .				467	9	4				
„ Commission on Sale of Tobacco . . . . .				3,026	13	3				
„ <i>Repairs, Renewals &amp; Depreciation</i> :—										
Railway . . . . .	167	19	5							
Steam Launch, Lighters, etc. . . . .	346	2	9							
Loose Tools . . . . .	307	14	8							
Pier, Wharf, etc. . . . .	265	10	6							
Ways, Roads, etc. . . . .	1,328	11	4							
Buildings, etc. . . . .	3,516	13	5							
				5,932	12	1				
				16,608	15	8				
„ Balance (Gross Profit) . . . . .				£ 60,817	18	6		£ 60,817	18	6

THE "WESTERN STAR" NEWSPAPER CO., LTD.

PRODUCTION ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cf.

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EXERCISE XVI—No. 9.

THE "BEXTON" STEAM TRAWLER CO.

WORKING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19..

Dr.

Cr.

	£	s.	d.		£	s.	d.		£	s.	d.
To Coal and Oil . . . . .					147	10	9	By Sales of Fish . . . . .			
" Repairs and Renewals . . . . .					80	12	5	" Sales of Old Rope, etc. . . . .			
" Landing Dues . . . . .					10	8	6				
" Harbour Dues . . . . .					8	4	3				
" Wages—											
General . . . . .	148	10	9								
Fishermen . . . . .	150	6	5								
Casual . . . . .	18	14	7								
Commission . . . . .					317	11	9				
Ropes, Stores, etc. . . . .					20	—	6				
" Net Braiding, Mending, and Tarring . . . . .					50	13	6				
" Carpentering . . . . .					14	11	5				
" Painting . . . . .					12	9	7				
" Salvage Claims . . . . .					11	8	4				
" Balance (Gross Profit) . . . . .					20	16	5				
					301	5	10				
					£995	12	9		£995	12	9

EXERCISE XVI—No. 10.

THE "OVERSLEY" CANAL CO.

Dr.

WORKING ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19..

Cr.

	£	s.	d.		£	s.	d.
To Maintenance, Dredging, and Ice Breaking . . . . .	3,506	13	8	By Toll Traffic Receipts . . . . .	7,406	15	6
" Rents Payable . . . . .	1,857	10	6	" Freight Traffic Receipts . . . . .	14,517	11	8
" Rates, Taxes, and Insurance . . . . .	1,314	14	5				
" General Charges . . . . .	1,206	15	4		21,924	7	2
" Depreciation of Boats, Horses, and Carrying Plant . . . . .	862	9	10	Less Traffic Expenses . . . . .	11,986	14	4
" Balance (Gross Profit) . . . . .	5,189	15	4	Net Traffic Receipts . . . . .	9,937	12	10
				" Rents Receivable . . . . .	3,914	16	7
				" Miscellaneous Receipts . . . . .	85	9	8
	£ 13,937	19	1		£ 13,937	19	1

EXERCISE XVI—No. II.

THE "WIDE SEAS" NAVIGATION CO., LTD.

WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

Dr.	£	s.	d.	£	s.	d.	£	s.	d.
To Navigation Expenses— Coal, Oil, and Water Dues, Towing, Pilotage, etc.	609,126	10	9				1,025,716	15	8
Pay of Officers and Crew	148,705	15	6				1,306,578	10	6
	282,856	11	5				250,000		
Provisioning of Passengers, Officers, and Crew				1,040,688	17	8			
Suez Canal Dues				257,493	18	4			
Miscellaneous Expenses— Damages, Claims, and Law Charges	12,000	10	6	289,586	16	8			
Expenses of Steamers laid up	9,857	4	11				10,000		
Quarantine Charges	1,625	17	5						
Ships' Repairs, Stores, & General Maintenance				23,483	12	10			
Insurance Charges and General Average Claims				165,714	6	7			
Depreciation of Fleet, etc.				18,409	13	4			
Balance (Gross Profit)				327,916	15	6			
				469,001	5	3			
				£2,592,295	6	2	£2,592,295	6	2

## THE SUNBEAM HOTEL, LTD.

WORKING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

Dr.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	Cr.
To Consumption of—													
Groceries and Provisions.	4,520	14	2							6,517	11	4	
Wines, Spirits, and Liqueurs	4,206	10	8							6,702	10	8	
Ale, Beer, and Minerals	1,986	13	5							3,098	12	6	
Tobacco, Cigars, and Cigarettes	1,023	17	6							1,587	8	9	
Sundry Stores	240	16	7							11,516	14	3	
Wages and Salaries				11,978	12	4							29,422
Licences and Insurances				5,017	11	4							17
Newspapers, Magazines, Printing, and Stationery				957	13	10							6
Coal, Gas, and Lighting				305	4	9				1,025	11	5	
Repairs and Renewals of Buildings				627	19	1				472	9	7	
Laundry				214	10	6				276	15	4	
Stable and Garage Expenses				334	18	5							1,774
Rent, Rates, and Taxes				235	6	8							16
Repairs, Renewals & Depreciation: Furniture and Fittings	306	4	6	1,075	10	6							4
Cutlery and Plate	162	8	5										
House, Bed, and Table Linen	105	11	3										
China and Glass	114	17	9										
Balance (Gross Profit)				689	1	11							
				9,761	4	6							
				£ 31,197	13	10				£ 31,197	13	10	

## EXERCISE XVI—No. 13.

(a) *Cost of Material Used.*

	£	s.	d.
Stock of Raw Materials . . . . .	1,200	—	—
Add Purchases . . . . .	12,000	—	—
„ Carriage . . . . .	6,000	—	—
	£19,200	—	—
Less Materials in hand at close . . . . .	1,400	—	—
COST OF MATERIALS USED . . . . .	£17,800	—	—

(Note.—Carriage is included in above statement as it is an element of cost usually inseparable from the cost of purchase.)

(b) *Value of Output.*

	£	s.	d.
Sales . . . . .	42,000	—	—
Add Stock of Finished Goods unsold . . . . .	3,500	—	—
	£45,500	—	—
Less Stock of Finished Goods (at commencement) . . . . .	4,000	—	—
	£41,500	—	—

(c) *Percentage of GROSS Profit on Sales.*

$$\frac{\text{Gross Profit } £8,700 \times 100}{\text{Sales } £42,000} = \underline{\underline{20.71\%}}$$

## EXERCISE XVI—No. 14.

## COST FIGURES OF THE £2,000 ORDER

	£	s.	d.
Materials . . . . .	602	—	—
Wages . . . . .	880	—	—
Works Overhead $\left( \frac{\text{Cost of Order } £2,000 \times 100}{\text{Total Orders } £50,000} \right) = 25\% \text{ of Wages}$	220	—	—
Office „ $\left( \frac{\text{Wages of Order } £880 \times \text{Office Overh'd } £1,300}{\text{Total Wages } £26,000} \right)$	*44	—	—
	£1,746	—	—
PROFIT ON ORDER . . . . .	254	—	—
Price of Order Executed . . . . .	£2,000	—	—

EXERCISE XVI—No. 15.

Dr.

PERCENTAGE STATEMENT

Cr.

	1st Year.	% on Out- put.	2nd Year.	% on Out- put.	% on Out- put.	Two Years' Total.	Ave. % on Out- put.		1st Year.	% on Out- put.	2nd Year.	% on Out- put.
To Stocks, 1st Jan.	£ 6,000		£ 5,000			£ 11,000	100.00	By Sales	£ 30,000		£ 17,000	
Add Purchases	17,500		14,000			31,500	100.00	" Finished Work (at end)	6,000			
	23,500		19,000			42,500	100.00	Less Finished Work, 1st Jan.	3,000			
Less Stocks, 31st Dec.	5,000		7,000			12,000	100.00	" Finished Work, 1st Jan.	4,000		3,000	
COST OF MATERIAL	18,500	63.80	12,000	60.00		30,500	62.24	Less Finished Work, 31st Dec.	3,000			
To Wages	7,500	25.86	4,800	24.00		12,300	25.11		1,000			
" Expenses	2,000	6.89	1,200	6.00		3,200	6.53	OUTPUT				
" Balance, Gross	1,000	3.45	2,000	10.00		3,000	6.12					
Profit												
	£ 29,000	100.00	20,000	100.00		49,000	100.00		£ 29,000	100.00	20,000	100.00
									£ 29,000	100.00	20,000	100.00

EXERCISE XVI—No. 16.

THE BLANKSHIRE IRON CO., LTD.

FURNACE ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19..

Dr.	Cr.	
	£	s. d.
To Coal Purchased . . . . .	7,320	—
" Coke and Limestone Purchased . . . . .	19,550	—
" Ironstone Purchased . . . . .	7,461	—
" Wages (Furnace) . . . . .	6,842	—
	£ 41,173	—
	By Sales of Waste Materials and By-products . . . . .	5,862
	" Balance (Cost of Production of Pig Iron transferred to Trading Account) . . . . .	35,311
	£ 41,173	—

TRADING ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19..

Dr.	Cr.	
	£	s. d.
To Furnace Account (Balance, being Cost of Production of Pig Iron) . . . . .	35,311	—
" Stock of Pig Iron, 1st July . . . . .	9,402	—
" Trade Charges . . . . .	5,424	—
" Balance, Gross Profit c/d . . . . .	21,530	—
	£ 71,667	—
	By Sales of Pig Iron . . . . .	62,446
	" Stock of Pig Iron, 30th June . . . . .	9,221
	£ 71,667	—

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19..

Dr.	Cr.	
	£	s. d.
To Office Salaries . . . . .	3,401	—
" Directors' Fees . . . . .	1,500	—
" Bad Debts . . . . .	1,680	—
" Depreciation . . . . .	3,890	—
" Balance, Net Profit . . . . .	11,432	—
	£ 21,903	—
	By Trading Account b/d . . . . .	21,530
	" Interest . . . . .	321
	" Transfer Fees . . . . .	52
	£ 21,903	—

EXERCISE XVI—No. 17.

PERCENTAGE STATEMENT

	1st Year.	% on Pro- duc- tion.	2nd Year*	% on Pro- duc- tion.		1st Year.	% on Pro- duc- tion.	2nd Year.	% on Pro- duc- tion.
Materials used . . . . .	£ 22,389	61.39	£ 21,427	59.09	Goods Produced . . . . .	£ 36,468	100.00	£ 36,261	100.00
Wages . . . . .	7,495	20.55	7,577	20.89					
Rent and Power . . . . .	1,659	4.55	1,655	4.56					
Carriage . . . . .	513	1.40	494	1.36					
Trade Expenses . . . . .	303	0.83	309	0.85					
Gas and Water . . . . .	213	0.60	240	0.66					
Travellers . . . . .	719	2.00	763	2.10					
Repairs . . . . .	426	1.16	563	1.55					
Insurance . . . . .	78	0.21	78	0.21					
Depreciation . . . . .	600	1.64	580	1.60					
	£ 34,395	94.33	£ 33,686	92.87		£ 36,468	100.00	£ 36,261	100.00

*Note.*—The results shown may appear incomplete. They display ALL that is asked for in the question. The necessary item to balance would be, of course, "Net Profit."





EXERCISE XVI—No. 19.

MESSRS. J. BERRY & L. FLOWER

FURNACE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr.	£	s.	d.	£	s.	d.	By Trading Account (Cost of Production of Pig Iron transferred)	£	s.	d.	Cr.
To Consumption of—											
Coal (including Carriage)	6,047	—	—								
Coke (including Carriage)	17,546	—	—								
Limestone (including Royalties, etc.)	1,513	—	—								
Ironstone (including Royalties, etc.)	5,707	—	—								
General Wages				30,813	—	—					
Salaries of Furnace Experts				8,037	—	—					
				559	—	—					
				£ 39,409	—	—		£ 39,409	—	—	

TRADING ACCOUNT (PIG IRON) FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr.	£	s.	d.	£	s.	d.	By Sales of Pig Iron	£	s.	d.	Cr.
To Furnace Account (Cost of Pro- duction of Pig Iron)	39,409	—	—					54,056	—	—	
Stock of Pig Iron, 1st Jan.	12,268	—	—				„ Factory Consumption of Iron	103	—	—	
Balance, Gross Profit	13,032	—	—				„ Stock of Pig Iron, 31st Dec.	10,550	—	—	
				£ 64,709	—	—		£ 64,709	—	—	

EXERCISE XVI—No. 19 (*contd.*).

MESSRS. J. BERRY & L. FLOWER

<i>Dd.</i>	PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..	<i>Cr.</i>
To Materials and Stores (including Foundry Charges and Repairs to Locomotives) . . . . .	£	s. d.
" Travelling Expenses . . . . .	1,198 — —	— —
" Rates and Taxes . . . . .	40 — —	705 — —
" Land Damages and Compensation . . . . .	60 — —	278 — —
" General Charges . . . . .	92 — —	199 — —
" Managers' Salary . . . . .	500 — —	— —
" Bad Debts Reserve . . . . . (Addition thereto)	591 — —	— —
" Depreciation— Coal and Coke Wagons . . . . . 150 Works, Plant, Rolling Stock, &c. . . . . 2,500	— — — —  2,650     8,426	— — — —  — —       — —
" Balance, Net Profit c/d . . . . .	£ 14,214 — —	£ 14,214 — —
To Capital Accounts— J. Berry, $\frac{1}{2}$ share . . . . . L. Flower, $\frac{1}{4}$ share . . . . .	4,213 — — 4,213 — — £ 8,426 — —	By Trading Account . . . . . Branch Railway Income . . . . . Wagon Hire . . . . . Interest . . . . .   By Balance (Net Profit) b/d . . . . .
	8,426 — —	£ 8,426 — —

EXERCISE XVI—No. 19 (*contd.*).

MESSRS. J. BERRY & L. FLOWER

BALANCE SHEET AS AT 31ST DECEMBER, 19..

[illegible]

## EXERCISE XVI—Nos. 20 and 22.

			<i>Advanced Accounts</i>
For Examples of	{	Manufacturing Account (prime cost only)	see page 777.
		Working " Account " (cost of production)	" " 778.
		" " Account of a Mine	" " 787.
		" " " of a Canal Company	" " 789.
		Furnace Account (both ways)	" " see pages 781-3.

## EXERCISE XVI—No. 21.

The main reasons in support of the "prime" cost basis of the construction of the Manufacturing Account are set out on page 777 of *Advanced Accounts*.

## EXERCISE XVI—No. 23.

See answers at end of *Advanced Accounts*.

## EXERCISE XVI—No. 24.

See answers at end of *Advanced Accounts*.

EXERCISE XVI—No. 25.

Dr.

COMPARATIVE TRADING ACCOUNTS

Cr.

	1st Year.	% on Turn- over.	2nd Year.	% on Turn- over.		1st Year.	% on Turn- over.	2nd Year.	% on Turn- over.
To Stock, 1st July . . .	£		£		By Sales . . . . .	£	100-00	£	100-00
" Purchases . . . . .	10,000		5,400			6,000		11,300	
Less Stock, 30th June . . .	10,000		11,000						
	5,400		16,400						
	5,400		7,700						
• PRIME COST OF GOODS . . .	4,600	76-67	8,700	77-00					
Freight and Duty . . . . .	850	14-17	1,200	10-62					
" Packing Cases . . . . .	200	3-33	350	3-09					
" Wages . . . . .	200	3-33	250	2-21					
" Balance, Gross Profit c/d . .	150	2-50	800	7-08					
	£6,000	100-00	11,300	100-00		£6,000	100-00	11,300	100-00
To Salaries—					By Trading Account . . . . .	150	2-50	800	7-08
Manager . . . . .	600	10-00	1,000	8-85	" Balance, Net Loss . . . . .	1,970	32-83	1,780	15-75
General Manager . . . . .	400	6-67	500	4-42					
Commission—									
Manager . . . . .	300	5-00	nil						
General Manager . . . . .	50	83	40	35					
Travelling . . . . .	400	6-67	360	3-19					
" Advertising . . . . .	150	2-50	300	2-66					
" Posting and Telegrams . . . .	100	1-66	200	1-77					
" General Expenses . . . . .	120	2-00	180	1-59					
	£2,120	35-33	£2,580	22-83		£2,120	35-33	£2,580	22-83

MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.:

[illegible]

TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

<i>Dr.</i>	TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..		<i>Cr.</i>
	<i>£</i>	<i>s. d.</i>	<i>£</i>
To Manufacturing Account	3,800	—	—
„ Balance, Gross Profit	2,200	—	—
	<u>£6,000</u>	<u>—</u>	<u>£6,000</u>

EXERCISE XVI—No. 26 (*contd.*).

<i>Dr.</i>		PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..				<i>Cr.</i>	
To Office Salaries . . . . .	.	£	s.	d.	By Trading Account . . . . .	£	s.
" Discount on Sales . . . . .	.	410	—	—	" Discount on Purchases . . . . .	2,200	—
" Carriage Outwards . . . . .	.	150	—	—		100	—
" Printing and Stationery . . . . .	.	120	—	—			
" Rent and Rates . . . . .	.	70	—	—			
" Travelling Expenses . . . . .	.	390	—	—			
" General Expenses . . . . .	.	130	—	—			
" Balance, NET PROFIT . . . . .	.	290	—	—			
		740	—	—			
		£2,300	—	—		£2,300	—

The percentage of NET profit to the manufacturing cost =  $\frac{740 \times 100}{3800} = 19.47\%$



## EXERCISE XVI—No 27.

(a)

## JOURNAL

		£	s.	d.	£	s.	d.
19..							
Jan. 1	B . . . . . Dr.	200	—	—			
	To Sales . . . . .				200	—	—
" 1	Bills Receivable . . . . . Dr.	200	—	—			
	To B . . . . .				200	—	—
	Acceptance at three months.						
" 1	J . . . . . Dr.	200	—	—			
	To Bills Receivable . . . . .				200	—	—
	Endorsement of B's acceptance						
		£600	—	—	£600	—	—

(b) The purchase of a special mechanical scale will first be recorded in the Journal as it is not viewed as a "trade" purchase.

## JOURNAL

		£	s.	d.	£	s.	d.
	Machinery Account . . . . . Dr.	200	—	—			
	To Exact Scale Manufacturing Co., Ltd.				200	—	—

(c)

## JOURNAL OF A

		£	s.	d.	£	s.	d.
(1)	Returns Inward . . . . . Dr.	5	—	—			
	To Jones, Ltd. . . . .				5	—	—
(3)	Jones, Ltd. . . . . Dr.	9	—	—			
	To Returns Outward and Allowances Account . . . . .				9	—	—
	Jones' Ltd. (Bought Ledger)	55	—	—			
	To Jones, Ltd. (Sales Ledger)				55	—	—
		£69	—	—	£69	—	—

## JOURNAL OF JONES, LTD.

		£	s.	d.	£	s.	d.
(1)	A . . . . . Dr.	5	—	—			
	To Returns Outward . . . . .				5	—	—
(3)	Returns Inward and Allowances Account Dr.	9	—	—			
	To A . . . . .				9	—	—
	A (Bought Ledger)	55	—	—			
	To (Sales Ledger)				55	—	—
		£69	—	—	£69	—	—

## EXERCISE XVI—No. 27 (contd.)

(c)

A's Cash Book (Debit side)		Jones, Ltd., Cash Book (Credit side)	
To Jones, Ltd. . . . .	£25	By A . . . . .	£25
(Returned cheque)	=	(Dishonoured cheque)	=

(a)

Dr.		LEDGER		Cr.	
		SALES ACCOUNT			
				By B . . . . .	£ 200 s - d -
Dr.		BILLS RECEIVABLE ACCOUNT		Cr.	
				By J . . . . .	£ 200 s - d -
Dr.		B		Cr.	
				By Bills Receivable . . . .	£ 200 s - d -
Dr.		J		Cr.	

(b)

Dr.		LEDGER		Cr.	
		MACHINERY ACCOUNT			
Dr.		EXACT SCALE MANUFACTURING CO., LTD.		Cr.	
				By Machinery . . . . .	£ 200 s - d -

(c)

Dr.		A's BOUGHT LEDGER		Cr.	
		JONES, LTD.			
19..				19..	
	To Returns Outward, etc. . .	£ 9	s - d -		£ 320
	" Jones, Ltd., Account in				25
	Sales Ledger . . . . .	55	- - -		- - -
	" Cash . . . . .	281	- - -		- - -
		£345	- - -		£345

EXERCISE XVI—No. 27 (*contd.*).

A's SOLD LEDGER														
Dr.					JONES, LTD.					Cr.				
19..	To Balance	£	s.	d.	19..	By Returns Inward	£	s.	d.					
		60	—	—		„ Jones' Account in Bought Ledger	55	—	—					
		£60	—	—			£60	—	—					

JONES, LTD., BOUGHT LEDGER									
Dr.					Cr.				
A									
19..	To Returns Outward .	£	s.	d.	19..	By Balance . . . .	£	s.	d.
	„ A's Account in Sales Ledger	55	—	—			60	—	—
		£60	—	—			£60	—	—

JONES' SOLD LEDGER															
Dr.					Cr.										
A															
19..	To Balance	.	.	.	£	s.	d.	19..	By Returns Inward and Allowances Account	.	.	.	£	s.	d.
	„ Cheque	.	.	.	320	—	—		„ A's Account in Bought Ledger	.	.	.	9	—	—
					25	—	—		„ Cash	.	.	.	55	—	—
													281	—	—
					£345	—	—						£345	—	—

## EXERCISE XVI—No. 28.

	Item	Nature of Expenditure
(1)	Sale of Old Plant . . . . .	Capital
(2)	Purchase of Patent Rights . . . . .	Capital
(3)	Renewal Fee for (2) . . . . .	Revenue
(4)	Purchase of Delivery Vans . . . . .	Capital
(5)	Purchase of New Wheels for (4) at a later date . . . . .	Revenue
(6)	Installation of Electric Light, etc. . . . .	Capital
(7)	Depreciation of (6) . . . . .	Revenue
(8)	Purchase of Plant and Machinery . . . . .	Capital
(9)	Repairs to (8) . . . . .	Revenue
(10)	Extension of Water Mains by a Water Company; also replacement of existing Mains . . . . .	Capital and Revenue (See Note)
	<i>Note.</i> —The means of allocating expenditure as between capital and revenue are fully explained on page 849 of <i>Advanced Accounts</i> .	

## EXERCISE XVI—No. 29.

The January monthly summary of F's Ledger will be £10 too little, and the G Ledger will be in excess by that amount.

The Adjustment Accounts of the Sales Ledgers will show F's credit balance less by £10, and G's more by £10 than is correct.

## EXERCISE XVI—No. 30.

See *Advanced Accounts*, pages 323 and 324.

## EXERCISE XVI—No. 31.

Dr.		VENDORS' ACCOUNT				Cr.		
19..		£	s.	d.	19..	£	s.	d.
Apr. 1	To Cash (Deposit)	3,000	—	—	Apr. 1	By Purchase of Business	33,000	—
	„ Rent Due	15	7	8		„ Telephone Rent pre-	10	12
	„ Gas and Electric					paid		11
	„ Light due	86	17	—		„ Fire Insurance pre-		
	„ Water Rate due	2	10	—		paid	6	6
	„ Amounts received on					„ Plate Glass Insur-		
	account of the Co..	10,942	13	5		ance prepaid	2	7
July 1	„ Balance c/d	21,457	10	10		„ Amounts paid on		
						a/c of the Company	2,485	12
		£ 35,504	18	11			£ 35,504	18
July 1	To Share Capital A/c—				July 1	By Balance b/d	21,457	10
	Allotment of 25,000					„ Interest	288	4
	Shares of £1 each					„ Balance c/d	3,274	9
	as fully paid up	25,000	—	—				
		£ 25,000	—	—			£ 25,000	—
	To Balance b/d	3,274	4	9				

## EXERCISE XVI—No. 32.

Dr.		CONSIGNMENT ACCOUNT				Cr.		
19..		£	s.	d.	19..	£	s.	d.
	To Goods on Consignm't	2,000	—	—		By B. Bengalee	2,500	—
	„ Cash	70	—	—		(Account Sales)		
	„ A. Andrews & Co.	85	—	—				
	(Commission)							
	„ Balance	345	—	—				
	Profit on Consignm't							
		<u>£2,500</u>	—	—			<u>£2,500</u>	—

Dr.		BILLS RECEIVABLE				Cr.			
19..	To B. Bengalee	£	s.	d.	19..	By Bank	£	s.	d.
		1,500	—	—			1,500	—	—

EXERCISE XVI—No. 32 (*contd.*).

<i>Dr.</i>				BANK ACCOUNT				<i>Cr.</i>			
19..	To Bills Receivable	£	s. d.	19..	By Banker's Discount	£	s. d.				
	„ B. Bengalee	1,500	- -		„ Consignm't Charges	15	- -				
		915	- -			70	- -				

<i>Dr.</i>				B. BENGALEE				<i>Cr.</i>			
19..	To Consignment	£	s. d.	19..	By Bills Receivable	£	s. d.				
	(Account Sales)	2,500	- -		„ Consignment	1,500	- -				
					(Commission)	85	- -				
					„ Cash	915	- -				
		£2,500	- -			£2,500	- -				

<i>Dr.</i>				DISCOUNT ACCOUNT				<i>Cr.</i>			
19..	To Bank	£	s. d.								
		15	- -								

## EXERCISE XVI—No. 33

<i>Dr.</i>				JOINT VENTURE ACCOUNT				<i>Cr.</i>			
19..	To Purchase of Debentures	£	s. d.	19..	By Sales of Debentures, i.e.	£	s. d.				
	„ Cost of Issue	200,000	- -		200,000 £1 each	210,000	- -				
	„ Balance, Net Profit	6,000	- -		@ 5% premium						
	Smith	£2,000									
	Jones	2,000									
		4,000	- -								
		£210,000	- -								

<i>Dr.</i>				SMITH'S ACCOUNT				<i>Cr.</i>			
19..	To Purchase of Debentures	£	s. d.	19..	By Cash	£	s. d.				
	i.e. 20,000 £1 ea.	21,000	- -		(Contribution to Joint Venture)	100,000	- -				
	@ 5% premium				„ Sales	22,000	- -				
	„ Balance	103,000	- -		i.e. 20,000 Debentures of £1 @ premium of 10%						
					„ Share of Profit on Venture	2,000	- -				
		£124,000	- -			£124,000	- -				

EXERCISE XVI—No. 33 (*contd.*).

Dr.				JONES' ACCOUNT				Cr.			
19..		£	s. d.	19..		£	s. d.				
To Purchase of Debentures		3,150	- -	By Cash		100,000	- -				
i.e. 3,000 £1 each				(Contribution to Joint Venture)							
@ 5% prem.				,, Sales of Debentures		3,270	- -				
,, Balance		102,120	- -	i.e. 3,000 £1 each							
				@ 9% premium							
				,, Share of Profit on Venture		2,000	- -				
		<u>£105,270</u>	<u>- -</u>			<u>£105,270</u>	<u>- -</u>				

## EXERCISE XVI—No. 34.

B's LEDGER							
Dr.			A's ACCOUNT		Cr.		
19..			£	s. d.	19..		£ s. d.
Jan. 1	To Goods . . . . .		500	—	Jan. 1	By Bills Receivable . . . . .	500 — —
July 3	„ C (Bankers) . . . . .		500	5 —	July 3	„ C (Bankers) . . . . .	100 — —
„ 3	„ Interest . . . . .		12	— 2	„ 3	„ Bills Receivable . . . . .	200 — —
					„ 3	„ Bills Receivable . . . . .	212 5 2
						(3 mos.)	
						„ Bills Receivable . . . . .	
						(6 mos. including	
						Interest)	
			£1,012	5 2			£1,012 5 2

<i>Dr.</i>			DISCOUNT ACCOUNT			INTEREST ACCOUNT			<i>Cr.</i>		
19..	To C (Bankers)	£	s.	d.	19..	By A	£	s.	d.		
Mar. 31		12	10	—	July 3		12	—	2		

<i>Dr.</i>		BILLS RECEIVABLE ACCOUNT						<i>Cr.</i>		
19..										
Jan. 1	To A . . . .	£	s.	d.	19..	By C (Bankers) . . . .	£	s.	d.	
July 3	, A—	500	—	—	Mar. 31		500	—	—	
	(3 mos.)	£200	—	—						
	(6 mos.)	212	5	2						
		<u>412</u>	5	2						

<i>Dr.</i>			C (BANKERS)			<i>Cr.</i>				
19..			£	s.	d.	19..		£	s.	d.
Mar. 31	To Bills Receivable	.	500	—	—	Mar. 31	By Discount Charges	12	10	—
July 3	„ A . . . .	.	100	—	—		(5% for 3 mos.)			
			.			„ A	(including Noting Charges)	500	5	—

EXERCISE XVI—No. 35.

Dr.

INCOME AND EXPENDITURE ACCOUNT AS AT 31st DECEMBER, 19..

Cr.

EXPENDITURE.		£	s.	d.	£	s.	d.	INCOME.		£	s.	d.
To Rent . . . . .	.				500	—	—	By Entrance Fees . . . . .	.	36	—	—
" Rates, Taxes, Lighting, etc. . . . .	.				436	—	—	" Annual Subscriptions . . . . .	.	2,173	—	—
" Secretary's Remuneration . . . . .	.				150	—	—	" Special Call on Members . . . . .	.	314	—	—
" Stewards' and Servants' Wages . . . . .	.				600	—	—	" Receipts—				
" Printing, Stationery . . . . .	.				145	—	—	Cards and Billiards . . . . .	.	123	—	—
" Law Charges . . . . .	.				18	—	—	" Profit on Sales . . . . .	.	77	—	—
" Washing, Liveries, etc. . . . .	.				107	—	—					
" Repairs to House Furniture . . . . .	.				409	—	—					
" Conversation Expenses . . . . .	.				95	—	—					
" Interest on Loan . . . . .	.				6	—	—					
" Amounts written off—												
Furniture . . . . .	.	123	—	—								
Structural Improvements . . . . .	.	100	—	—								
					223	—	—					
					34	—	—					
					£2,723	—	—			£2,723	—	—
" Surplus of Income over Expenditure . . . . .	.											

## EXERCISE XVI—No. 36.

<i>Dr.</i>		D's CAPITAL ACCOUNT						<i>Cr.</i>	
19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Drawings Account . . .	411	—	10	Jan. 1	By Cash . . .	3,000	—	—
" 31	" Balance c/d . . .	3,626	13	1	Dec. 31	" Interest on Capital . . .	150	—	—
					" 31	" Share of Profit. . .	887	13	11
		£4,037	13	11			£4,037	13	11

<i>Dr.</i>		E's CAPITAL ACCOUNT						<i>Cr.</i>	
19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Drawings Account . . .	359	15	—	Jan. 1	By Cash . . .	2,000	—	—
" 31	" Balance c/d . . .	2,374	6	5	Dec. 31	" Interest on Capital . . .	100	—	—
					" 31	" Share of Profit. . .	634	1	5
		£2,734	1	5			£2,734	1	5

<i>Dr.</i>		F's CAPITAL ACCOUNT						<i>Cr.</i>	
19..		£	s.	d.	19..		£	s.	d.
Dec. 31	To Drawings Account . . .	358	4	7	Jan. 1	By Cash . . .	1,000	—	—
" 31	" Balance c/d . . .	1,399	—	6	Dec. 31	" Interest on Capital . . .	50	—	—
					" 31	" Share of Profit. . .	507	5	1
					" 31	" Salary . . .	200	—	—
		£1,757	5	1			£1,757	5	1

<i>Dr.</i>		D's DRAWINGS ACCOUNT							
			Mths.	Interest.		Amount.			
19..		£	s.	d.	£	s.	d.		
Mar. 1	To Cash . . .		10	4 3 4	100	—	—		
May 1	" Cash . . .		8	2 10 —	75	—	—		
July 1	" Cash . . .		6	3 2 6	125	—	—		
Sept. 1	" Cash . . .		4	16 8	50	—	—		
Nov. 1	" Cash . . .		2	8 4	50	—	—		
Dec. 31	" Interest . . .				11	—	10		
	Total transferred to DEBIT of Cap. A/c					£411	—	10	



EXERCISE XVI—No. 36 (*contd.*).

Dr.

## E's DRAWINGS ACCOUNT

		Mths.	Interest.			Amount.		
			£	s.	d.	£	s.	d.
19..								
Jan. 1	To Cash . . . . .	12	2	10	—	50	—	—
Feb. 1	„ Cash . . . . .	11	2	5	10	50	—	—
Apr. 1	„ Cash . . . . .	9	1	17	6	50	—	—
Aug. 1	„ Cash . . . . .	5	2	1	8	100	—	—
Oct. 1	„ Cash . . . . .	3		17	6	70	—	—
Dec. 1	„ Cash . . . . .	1		2	6	30	—	—
„ 31	„ Interest . . . . .					9	15	—
	Total transferred to DEBIT of Cap. A/c					£359	15	—

Dr.

## F's DRAWINGS ACCOUNT

		Mths.	Interest.			Amount.		
			£	s.	d.	£	s.	d.
19..								
Mar. 1	To Cash . . . . .	10	3	2	6	75	—	—
June 1	„ Cash . . . . .	7	2	3	9	75	—	—
Aug. 1	„ Cash . . . . .	5	2	1	8	100	—	—
Oct. 1	„ Cash . . . . .	3		12	6	50	—	—
Dec. 1	„ Cash . . . . .	1		4	2	50	—	—
„ 31	„ Interest . . . . .					8	4	7
	Total transferred to DEBIT of Cap. A/c					£358	4	7

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..:

663

## EXERCISE XVI—No. 37.

See *Advanced Accounts*, Chapter XV (page 545 onwards), for complete range of specimens of Statutory and Statistical Books, which would be necessary in addition to the ordinary Financial Records.

## EXERCISE XVI—No. 38.

## JOURNAL

19..		£	s.	d.	£	s.	d.
Jan. 1	Business Purchase Account . . .	50,000	—	—			
	To Vendor . . . . .				50,000	—	—
	Being purchase price of business as per agreement dated.....						
" 5	Application Account . . . . .	8,750	—	—			
	To Share Capital . . . . .				8,750	—	—
	5/- per share on 35,000 shares.						
" 6	Allotment Account . . . . .	8,750	—	—			
	To Share Capital . . . . .				8,750	—	—
	5/- per share on 35,000 shares.						
Feb. 10	Vendor's Account . . . . .	40,000	—	—			
	To Share Capital . . . . .				40,000	—	—
	40,000 £1 shares issued to vendor as fully paid, being part pay- ment of purchase price of busi- ness.						
" 10	Vendor's Account . . . . .	10,000	—	—			
	To Debentures . . . . .				10,000	—	—
	10,000 5% debentures issued to vendor to complete payment of purchase price of business.						
" 10	First Call Account . . . . .	8,750	—	—			
	To Share Capital . . . . .				8,750	—	—
	5/- per share on 35,000 shares.						
		£126,250	—	—	£126,250	—	—

## CASH BOOK

(DEBIT SIDE)

19..		£	s.	d.
Jan. 5	To Application Account . . . . .	8,750	—	—
" 10	„ Allotment Account . . . . .	8,750	—	—

EXERCISE XVI—No. 39.

REALIZATION ACCOUNT

Dr. Cr.

19..	To Sundry Assets . " Cash Expenses on Realization .	£	s.	d.	19..	By Cash (including Sun- dry Debtors) .	£	s.	d.
		12,620	—	—		„ Balance, loss on Realiza- tion transferred to Deficiency A/c—	12,350	—	—
		120	—	—		Jones' Share of Deficiency $\frac{2}{5}$ of £390 .	156	—	—
						Brown's Sh. of Deficiency $\frac{2}{5}$ of £390 .	156	—	—
						Robinson's Sh. of Defcy. $\frac{1}{5}$ of £390 .	78	—	—
		£12,740	—	—			390	—	—
							£12,740	—	—

Note.—The Author, to complete exercise, has assumed the Debtors to have realized their value ; also that Robinson was insolvent.

DEFICIENCY ACCOUNT

Dr. Cr.

19..	To Realization Account .	£	s.	d.	19..	By Cash— Jones . Brown .	£	s.	d.
		390	—	—		„ Robinson's Overdrawn Capital Account .	312	—	—
							78	—	—
		£390	—	—			£390	—	—

EXERCISE XVI—No. 39 (contd.).

Dr.

SMITH'S LOAN ACCOUNT

Cr.

19..	To Cash.	.	.	.	£	s.	d.	By Balance	.	.	£	s.	d.
					800	—	—				800	—	—

Dr.

CASH ACCOUNT

Cr.

19..	To Balance	.	.	.	£	s.	d.	By Bank Overdraft.	.	.	£	s.	d.
	" Realization Account	.	.	.	120	—	—	" Sundry Creditors	.	.	1,000	—	—
	" Deficiency Account—	.	.	.	12,350	—	—	" Exps. on Realization	.	.	5,840	—	—
	Brown	.	.	.	156	—	—	" Jones' Loan A/c	.	.	120	—	—
	Jones	.	.	.	156	—	—	" Smith's Loan A/c	.	.	500	—	—
								" Capital Accounts—	.	.	800	—	—
								Jones, $\frac{1}{10}$	.	.	2,660	—	—
								Brown, $\frac{1}{10}$	.	.	1,862	—	—
											12,782	—	—

EXERCISE XVI—No. 39 (*contd.*).

JONES' CAPITAL ACCOUNT

BROWN'S CAPITAL ACCOUNTROBINSON'S CAPITAL OVERDRAWN ACCOUNT

## EXERCISE XVI—No. 40.

## JOURNAL

19..		£	s.	d.	£	s.	d.
	Share Capital Account . . .	150	—	—			
	To Forfeited Shares A/c . . .				50	—	—
	,, Calls in Arrears A/c . . .				100	—	—
	X (shareholder) . . .	130	—	—			
	Forfeited Shares A/c . . .	20	—	—			
	To Share Capital A/c . . .				150	—	—
		£300	—	—	£300	—	—

## EXERCISE XVI—No. 41.

## JOURNAL

	£	s.	d.	£	s.	d.
Profit and Loss Account . . .	76,500	—	—			
To Debenture Stock Interest . . .				40,000	—	—
,, Interest on Mortgages, etc. . .				10,000	—	—
,, Directors' and Trustees' Fees, etc. . .				16,000	—	—
,, Loss on House . . .				5,000	—	—
,, Compensation Levy . . .				5,500	—	—
Balances transferred.						
Profit and Loss Account . . .	43,500	—	—			
To Appropriation Account . . .				43,500	—	—
Balance transferred.						
Appropriation Account . . .	43,500	—	—			
To Dividends on Pref. Shares . . .				15,000	—	—
,, Reserve Fund . . .				28,500	—	—
Balances transferred.						
	£163,500	—	—	£163,500	—	—

EXERCISE XVI—No. 41 (contd.).

Dr.

PROFIT AND LOSS ACCOUNT

Cr.

19..		£	s.	d.	19..	By Balance	£	s.	d.
	To Debenture Stock Interest	40,000	—	—			120,000	—	—
	" Interest on Mortgages	10,000	—	—					
	" Directors' Fees, etc.	16,000	—	—					
	" Loss on House	5,000	—	—					
	" Compensation Levy	5,500	—	—					
	" Appropriation Account	43,500	—	—					
		£120,000	—	—			£120,000	—	—

Dr.

APPROPRIATION ACCOUNT

Cr.

19..		£	s.	d.	19..	By Profit and Loss Account	£	s.	d.
	To Reserve Fund	28,500	—	—			43,500	—	—
	" Dividends on Preference Shares	15,000	—	—					
		£43,500	—	—			£43,500	—	—



EXERCISE XVI—No. 42.

TRADING AND PROFIT AND LOSS ACCOUNT

	DEBIT SIDE												CREDIT SIDE											
	A DEPT.				B DEPT.				C DEPT.				D DEPT.				TOTAL.							
	f	s.	d.		f	s.	d.		f	s.	d.		f	s.	d.		f	s.	d.		f	s.	d.	
19..																								
To Stock	2,300	—	—		1,100	—	—		1,400	—	—		1,700	—	—		2,500	—	—		2,500	—	—	
„ Purchases	16,000	—	—		27,100	—	—		12,000	—	—		13,000	—	—		68,000	—	—		68,000	—	—	
„ Gross Profit	14,700	—	—		9,900	—	—		3,300	—	—		5,280	—	—		33,180	—	—		33,180	—	—	
	£33,000	—	—		£38,000	—	—		£15,700	—	—		£18,980	—	—		£105,680	—	—		£105,680	—	—	
		30%				37%				15%				18%				100%						
To Rent, Rates, etc.	540	—	—		666	—	—		270	—	—		324	—	—		1,800	—	—		1,800	—	—	
„ Marine Insurance	720	—	—		888	—	—		360	—	—		432	—	—		2,400	—	—		2,400	—	—	
„ Salaries	540	—	—		666	—	—		270	—	—		324	—	—		1,800	—	—		1,800	—	—	
„ Travellers' Expenses.	1,620	—	—		1,998	—	—		810	—	—		972	—	—		5,400	—	—		5,400	—	—	
„ Commission	360	—	—		444	—	—		180	—	—		216	—	—		1,200	—	—		1,200	—	—	
„ Advertising	1,440	—	—		1,776	—	—		720	—	—		864	—	—		4,800	—	—		4,800	—	—	
„ Stationery, etc.	810	—	—		999	—	—		405	—	—		486	—	—		2,700	—	—		2,700	—	—	
„ Telegrams	180	—	—		222	—	—		90	—	—		108	—	—		600	—	—		600	—	—	
„ Bank Charges	36	—	—		44	—	—		18	—	—		21	—	—		120	—	—		120	—	—	
„ Discount Account	450	—	—		555	—	—		225	—	—		270	—	—		1,500	—	—		1,500	—	—	
„ Incidental Expenses	270	—	—		333	—	—		135	—	—		162	—	—		900	—	—		900	—	—	
„ Directors' Fees.	900	—	—		1,110	—	—		450	—	—		540	—	—		3,000	—	—		3,000	—	—	
„ Net Profit	6,834	—	—		198	—	—		12	—	—		8	—	—		7,593	—	—		7,593	—	—	
	£14,700	—	—		£9,900	—	—		£3,933	—	—		£5,280	—	—		£33,813	—	—		£33,813	—	—	
19..																								
By Sales	30,000	—	—		37,000	—	—		15,000	—	—		18,000	—	—		100,000	—	—		100,000	—	—	
„ Stock	3,000	—	—		1,000	—	—		700	—	—		980	—	—		5,680	—	—		5,680	—	—	
	£33,000	—	—		£38,000	—	—		£15,700	—	—		£18,980	—	—		£105,680	—	—		£105,680	—	—	
By Trading Accounts	14,700	—	—		9,900	—	—		3,300	—	—		5,280	—	—		33,180	—	—		33,180	—	—	
„ Net Loss	£14,700	—	—		£9,900	—	—		£3,933	—	—		£5,280	—	—		£33,813	—	—		£33,813	—	—	

EXERCISE XVI—No. 42 (contd.).

THE GENERAL TRADING CO., LTD.

Dr.

GENERAL PROFIT AND LOSS ACCOUNT

Cr.

19..	£	s.	d.	19..	By Net Profits— A Dept. . B Dept. . C Dept. .	£	s.	d.
To Net Loss on C Dept. .	633	—	—			6,834	—	—
" Bad Debts Reserve. .	300	—	—			198	12	—
" Discount Reserve . .	454	—	—			560	8	—
" Depreciation of Furniture	108	—	—					
" Balance, Net Profit c/d .	6,098	—	—					
	<u>£7,593</u>	—	—			<u>£7,593</u>	—	—

Dr.

APPROPRIATION ACCOUNT

Cr.

19..	£	s.	d.	19..	By Profit for Year	£	s.	d.
To Half-year's Dividend .	450	—	—			6,098	—	—
" Reserve Fund . .	3,000	—	—					
" Balance to Balance Sheet	2,648	—	—					
	<u>£6,098</u>	—	—			<u>£6,098</u>	—	—

EXERCISE XVI—No. 42 (contd.).

THE GENERAL TRADING CO., LTD.  
BALANCE SHEET AS AT 30TH JUNE, 19..

CAPITAL AND LIABILITIES.		£	s.	d.	£	s.	d.	£	s.	d.
<i>Nominal Capital—</i>										
20,000 6% Preference Shares of £1 each		20,000	—	—				1,080	—	—
20,000 Ordinary Shares of £1 each		20,000	—	—				108	—	—
	£	40,000	—	—						972
<i>Issued Capital—</i>										
15,000 6% Preference Shares, fully paid		15,000	—	—						
15,000 Ordinary Shares, fully paid		15,000	—	—						
					30,000	—	—	23,000	—	5,680
Reserve Fund					3,000	—	—	300	—	—
Bills Payable.					1,500	—	—	22,700	—	—
Sundry Creditors					12,000	—	—	454	—	—
Income Tax Reserve					300	—	—			22,246
<i>Profit and Loss Account—</i>										
Balance available for Dividend					2,648	—	—			6,000
										5,000
										3,550
										2,500
										3,500
					£ 49,448	—	—	£ 49,448	—	—

THE CHIDDINGFOLD MANUFACTURING CO., LTD.

THE CHANDRAGUPTA BANK LIMITED,  
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY, 19..

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st Feb.									
" Purchases	102,664	—	—	38,672	—	—	167,874	—	—
Less Returns Outwards	3,748	—	—				34,839	—	—
Carriage, Dock Dues, etc.				98,916	—	—			
" Wages (Factory)				4,773	—	—			
" Fuel, Lighting, and Water				12,704	—	—			
" Packing				2,163	—	—			
" Balance, Gross Profit c/d				542	—	—			
				44,943	—	—			
				£202,713	—	—	£202,713	—	—
To Advertising.				649	—	—			
" Postage and Incidentals				590	—	—			
" Catalogues and Price Lists				416	—	—			
" Machinery Repairs				177	—	—			
" Stable Expenses				913	—	—			
" Office Expenses, Stationery, and Telephone	1,022	—	—						
Less Telephone Rent prepaid	25	—	—						
Debiture Interest				997	—	—			
" Directors' Salaries				855	—	—			
" Salaries and Travellers' Commission	10,691	—	—	1,095	—	—			
Add Travellers' Commission owing	342	—	—						
Rents, Rates, Taxes, and Insurance	3,173	—	—	11,033	—	—			
Add Rent due	379	—	—						
	3,552	—	—						
Less Insurance unexpired	541	—	—						
Bad Debts				3,011	—	—			
" Bank Interest and Charges				203	—	—			
" Legal Expenses and Audit Fee				42	—	—			
" Discount Account				418	—	—			
" Discount Reserve on Debtors (provided)				2,762	—	—			
" Depreciation—				500	—	—			
" Machinery and Plant (10% of £8,750).	875	—	—						
" Carts and Horses	214	—	—						
" Buildings	903	—	—						
				1,992	—	—			
Balance, Net Profit c/d				19,291	—	—			
				£44,944	—	—	£44,944	—	—

THE CHIDDINGFOLD MANUFACTURING CO., LTD.

Cy.

BALANCE SHEET AS AT 31ST JANUARY, 19..

CAPITAL AND LIABILITIES.

*Nominal Capital—*

50,000 6% Pref. Shares of £1 each

50,000 Ord. Shares of £1 each ;

TO THE SECRETARY OF THE ARMY

*Issued Capital—*

20,000 6% Pref. Shares, fully paid

5,000 Ord. Shares, fully paid .

, ,

*% Debentures—*

200 Bonds of £100 each . . .

Reserve Fund	.	.	.
--------------	---	---	---

Accounts Payable

undry Creditors . . . . .

### Outstanding Items—

Rent	.	.	.
	.	.	.

Travellers' Commission

1

Employees' Superannuation Fund

### Profit and Loss Account—

Bal. available for Distribution .

0 100 200 300 400 500 600 700 800 900 1000

\_\_\_\_\_

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**EXERCISE XVII—No. 1.**

An electrical firm may be manufacturing (a) wireless sets, (b) electric vacuum cleaners, and (c) electric irons, each being produced in a separate department. As there are three distinct classes of goods the factory may be divided into three departments and the cost of each department ascertained. When this has been done the total cost of each can be divided by the output of each to give the cost per unit. The materials used, wages, and expenses should be analysed into departmental costs by means of abstracts, and the sales of each department analysed in the Sales Day Book. A departmental overhead rate should be arrived at for factory expenses and indirect wages after carefully ascertaining the facts by analysis. This factory overhead may be charged to the respective departments on the basis of direct wages, or on working hours, or number of units produced; probably the direct wages basis will render the most reliable results.

The expenses enumerated may be dealt with in Cost Accounts as follows—

(a) Rent and rates allocated to departments on basis of area occupied by each department.

(b) Discount and bank charges divided in ratio to money value of sales from each department.

(c) Depreciation divided according to inventory value of machinery and plant.

(d) Travellers' salaries and expenses apportioned in ratio to money value of sales from each department.

(e) Management salaries allocated in the ratio of wages paid in each department. It is presumed these salaries are for departmental management.

(f) Debenture interest divided according to capital value of assets in each department.

**EXERCISE XVII—No. 2.**

See *Advanced Accounts*, page 809 (under "Classes of Cost Accounts").

**EXERCISE XVII—No. 3.**

Simpson & Co., in order to gain the information *re* the cost of the manufacture of various pumps, will inaugurate a system of costing, of which the following suggestions are the main features—

(1) The materials issued for use on each class of pump to be indented for on suitable "Stores Requisition Cards" that will enable the Costing Department to know precisely the amount of materials used on the manufacture of each class of pump.

(2) The wages paid to workmen engaged on constructing the pumps to be entered in a suitably ruled Wages Analysis Book, so that the exact amount of wages paid on each class of pump made may be correctly allocated.

(3) Indirect expenditure must be equitably charged against each class of pump manufactured. For this purpose a proportion on the basis of wages paid on each class of pump made would be a fair charge.

**EXERCISE XVII—No. 4.**

See *Advanced Accounts*, page 831 (Colliery Cost Sheet).

**EXERCISE XVII—No. 5.**

See *Advanced Accounts*, page 809 (1st section); also pages 810 and 811. Specimen of Cost Sheet as on page 830 of *Advanced Accounts*.

**EXERCISE XVII—No. 6.**

The unit or units of output for the preparation of Cost Accounts of—

Breweries is per barrel of beer brewed.

Brickworks is per 1,000 bricks made.

Collieries is per saleable ton of coal raised.

Electric Light Works are (a) per ton of coal used, and (b) 100 Board of Trade units of electricity sold.

Gasworks are (a) per ton of coal carbonized, and (b) 1,000 cu. ft. or therm of gas sold.

Iron and Steel Manufacturers is per ton of iron, or steel produced.

Tramways are (a) per car-mile run, and (b) per k.w. hour.

Water Works is per 1,000 gal. of water consumed.

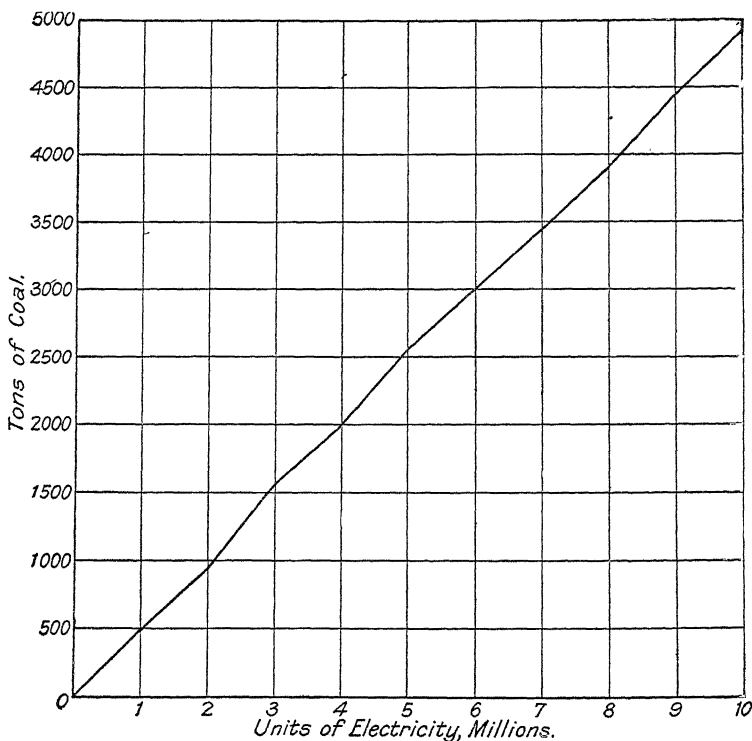
**EXERCISE XVII—No. 7.**

Conclusions to be drawn are—

- (1) Output has increased in direct ratio with increased expenditure.
- (2) Percentage of expenditure in relation to output is moderate.
- (3) Uniform ratio of expenditure with output for two years suggests that little or no margin for waste of material was possible.
- (3a) Wages appear on the up-grade.
- (4) An efficient system of costing was in operation.

**EXERCISE XVII—No. 8.**

Chart showing Output of Electricity and Consumption of Coal.

**EXERCISE XVII—No. 9.**

See *Advanced Accounts*, page 810 (under "Objects of Cost Accounts"). Suitable tests to ensure accuracy are as follows—

(a) The amounts expended on materials and wages should agree with the amounts in the accounts of materials and wages in the financial books (although arrived at independently) by comparison.

(b) If the Cost Books have been kept on the double-entry principle, reconciliation with financial books should be attempted and, if the result is an approximation to agreement, it may be assumed accurate records are being kept.



## EXERCISE XVII—No. 10.

The advantages of the Card System for Cost Records are—

- (a) Each Card (as illustration) can be withdrawn when it has served its purpose, and filed for future reference.
- (b) Cards can be written up simultaneously by being handed to responsible clerks.
- (c) Any account can be withdrawn without interfering with the correct working of the system, as each CARD bears its own significant INDEX number.

(ILLUSTRATION OF A CARD)

S.M.		"CASTILLE" SOAP																			
		Cost of Manufacture of _____ TONS _____ CWTs. _____ during MAY																			
Date.	DEBITS.										CREDITS.						Actual Cost.				
	Raw Materials.		Chemicals.		Wages.		Oncost Charges.		Total.		Unused Materials, etc.		Unused Chemicals.								
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.

## EXERCISE XVII—No. 11.

The information obtained by a careful tabulation of comparative statistics, etc., in relation to—

- (a) *Gross Profit* shows that the selling price has been satisfactorily arrived at so as to give a margin over cost price. The percentage would show precisely the margin of profit—whether adequate or otherwise.
- (b) *Wages* in regard to output or turnover are proved reasonable if not disproportionate to other expenditure on the same work, or in the same business. The percentage figure would readily indicate the proportion of cost of wages to total cost, clearly pointing out to the management just what adjustment (if any) would be necessary.
- (c) *Stock* and (d) *Materials* as regards fluctuation in prices, and as to whether the percentage of such in relation to output or turnover are subject to like variations. If such changes are noted, there is evidence of keen oversight and judicious management. Should the cost of Stock and Materials appear very heavy in relation to output or turnover, it may point to (a) waste of material, or (b) increase cost of material and no advance in selling price, etc.
- (e) Costs of Distribution as regards the relation such costs bear to Gross profit, indicating on a high percentage that the question of overhead requires close attention; or that office organization needs better supervision. A low

**EXERCISE XVII—No. 11** (*contd.*).

percentage of Costs of Distribution would indicate a satisfactory and efficient administration.

(f) The detection of fraud in Accounts is in regard to fluctuation of percentages generally, calling for close investigation into their cause.

**EXERCISE XVII—No. 12.**

The firm would require to institute a system of costing in addition to the usual financial records. As the main undertaking of the firm is on CONTRACTS, it would be expedient to have the following additional books—

- (1) Stores Received.
- (2) Stores Issued.
- (3) Stores Ledger.
- (4) Wages Book (analysis columns for wages paid on each CONTRACT).
- (5) Cost (or it may be termed "CONTRACTS") Ledger.

The ordinary Purchase Books may be modified (as to rulings) as is illustrated on page 822 of *Advanced Accounts*.

Materials issued for use on contracts must be by special requisition, and suitable forms will be used.

**EXERCISE XVII—No. 13.**

See *Advanced Accounts*, pages 825 (under OVERHEAD) and 826

**EXERCISE XVII—No. 14.**

The answer to Question XVII—No. 12, will suit this question. The co-ordination with the commercial accounts is effected by an adjustment account constructed on the self-balancing Ledger principle.

**EXERCISE XVII—No. 15.**

The Cost Book Account is the Total Account of Expenditure on Contracts incorporated in the Nominal Ledger, in order to co-ordinate the Cost Books with the financial books.

**EXERCISE XVII—No. 16.**

The basis on which standing charges and establishment expenses are to be allocated requires a close investigation into questions of expenditure on materials, wages, and of the class and use of machinery before determining the question. Note must be taken, in the instance under consideration, that there are two problems to be overcome: (1) castings in one case are large and heavy, and (2) castings are very small and intricate. The inferences are that in No. 1 the cost of materials would be great and the payment in Wages small (comparatively), and that No. 2 indicates the cost of materials to be small and the payment in Wages to be large (comparatively). The use of machinery in No. 1 may be less expensive than that used on No. 2. It appears, then, that the allocation of OVERHEAD must be on the following bases—

EXERCISE XVII—No. 16 (*contd.*).

## (a) For large and heavy castings—

Materials . . . . .	£ .....	
Labour . . . . .	£ .....	
	£ .....	
OVERHEAD—		
Factory (Item No. 1) .	£ .....	
( $\frac{\text{Item No. 1} \times 100}{\text{Materials}}$ )	£ .....	
General (Items Nos. 2-5)	£ .....	
( $\frac{\text{Items Nos. 2-5} \times 100}{\text{Factory Cost}}$ )		
	TOTAL COST	£ .....

## (b) For very small and intricate castings—

Materials . . . . .	£ .....	
Labour . . . . .	£ .....	
	£ .....	
OVERHEAD—		
Factory (Item No. 1) .	£ .....	
( $\frac{\text{Item No. 1} \times 100}{\text{Wages}}$ )	£ .....	
General (Items 2-5) .	£ .....	
( $\frac{\text{Items Nos. 2-5} \times 100}{\text{Factory Cost}}$ )		
	TOTAL COST	£ .....

## EXERCISE XVII—No. 17.

See *Advanced Accounts*, page 825 (under OVERHEAD).

## EXERCISE XVII—No. 18.

## REVENUE ACCOUNT (WITH PERCENTAGES FOR OTHER YEARS)

DEBITS.	Amount.	3rd Year.	2nd Year.	1st Year.
	£ s. d.	%	%	%
To Stock, 1st Jan. £3,000, less Stock 31st Dec. £2,000	1,000	10-00	10-25	11-00
" Purchases . . . . .	2,500	25-00	24-60	25-75
" Wages . . . . .	3,500	35-00	34-86	36-00
" Salaries . . . . .	750	7-50	8-05	7-23
" Trade Expenses . . . . .	500	5-00	5-74	4-78
" Office Expenses . . . . .	350	3-50	3-44	3-25
" Bad Debts . . . . .	75	-75	-65	-70
" Commission to Travellers . . . . .	100	1-00	1-20	1-13
" Interest and Commission . . . . .	35	-35	-40	-37
" Balance, NET Profit . . . . .	1,190	11-90	10-81	9-79
CREDITS . . . . .	£ 10,000	100-00	100-00	100-00
By Sales, NET . . . . .	10,000	100-00	100-00	100-00

The advantages connected with a tabular system of percentages are as enumerated in the answer to Question XVII—No. 11.

The disadvantages are that percentages on actual figures do not explain circumstances that give rise to variations in purely statistical results, and on that account may be misleading

**EXERCISE XVII—No. 19.**

Methods of remuneration are discussed on pages 814 to 816 of *Advanced Accounts*.

**EXERCISE XVII—No. 20.**

Control of "time" is explained on page 812 of *Advanced Accounts*.

**EXERCISE XVII—No. 21.**

Control of material in a costing system is provided for by the use of the following cards and books. (For explanations of Uses to which Cards and Books are put, see *Advanced Accounts*, pages 817 to 825.)

## CARDS.

1. Store Record Card.
2. Bin Card.
3. Store Requisition.
4. Materials Abstract (a sheet).

## BOOKS

1. Stores Received Book.
2. Stores Issued Book.
3. Stores Ledger.
4. Purchases (Analysis) Book.
5. Cost Ledger.

**EXERCISE XVII—No. 22.**

See Form of Wages Abstract on page 816 of *Advanced Accounts*.

**EXERCISE XVII—No. 23.**

See Chart of Components of Cost on page 811 of *Advanced Accounts*.

**EXERCISE XVII—No. 24.**

Dr.

## PUBLICATION OF BOOK ACCOUNT

Cr.

			£	s.	d.				£	s.	d.
Year 1	To Printing Wages	1	120	-	-	Year 1	By Sales, 2,500 Copies				
	" Paper	1	190	-	-		at 6s.	1	750	-	-
	" Binding Materials	1	110	-	-		Stock at Cost c/d		149	10	-
	" Advertising	1	40	-	-						
	" Royalties	1	125	-	-						
	" Profit on Sales		314	10	-						
			£899	10	-				£899	10	-
Year 2	To Stock at Cost b/d		149	10	-	Year 2	By Sales—1,200 at 6s.		360	-	-
	" Royalty on 1,300		35	-	-		" Sales—100 at 3s.		15	-	-
	copies at 1s.		160	10	-						
	" Profit on Sales								£375	-	-
			£375	-	-						

EXERCISE XVII—No. 24 (*contd.*)

## JOURNAL

			£	s.	d.	£	s.	d.
Year 1	Publication of Book Account . . . . .	2	460	—	—			
	To Printing Wages . . . . .					120	—	—
	,, Paper . . . . .					190	—	—
	,, Binding Materials . . . . .					110	—	—
	,, Advertising . . . . .					40	—	—
	Transfer of costs of production, etc., of book.							
Year 1	Publication of Book Account . . . . .	2	125	—	—			
	To Author . . . . .					125	—	—
	Royalty at 1s. each on 2,500 copies sold.							
	Author . . . . .		125	—	—			
	To Bank . . . . .					125	—	—
	Payment of royalty on 2,500 copies sold.							
	Sundry Customers . . . . .		750	—	—			
	To Publication of Book Account 2,500 copies sold at 6s each.	2				750	—	—
			<u>£1,460</u>	—	—	<u>£1,460</u>	—	—

# EXERCISE XVII—No. 25.

## STORES LEDGER

Maximum Stock.....  
Minimum Stock .....

Article .....  
Ordering Level .....

Account No.....  
Code No.....  
Unit.....

### RECEIPTS

### ISSUES

Date	From Whom Received	Delivery Note No	Quantity	Cost per Unit	Invoice Certificate		Amount	Date	To Whom (or Work) Issued	Requisition Note No	Quantity	Issue Price per Unit	Value
					Date Paid	Initia.s							
19..							£ s. d.	19..				£ s. d.	
May 1	X. Brown	28	100	5/6	10/6/	I. W	27 10 -	May 8	Job No. 179	97	50	5/6	13 15 -
" 14	B. Wilson	84	200	5/-			50 - -	" 21	Job No. 179	211	100	5/-	25 - -
			300				£77 10 -	" 31	Balance		150		38 15 -
											300		£77 10 -
June 1	Balance		150				"8 15 -						

# **EXERCISE XVII.—No. 25 (contd.).**

The first supply of 100 articles have all been issued and 50 of the second supply, leaving 150 of the second supply at 5s. in stock of a value of £37 10s. Care should be taken to charge out issues at cost price on the oldest supply in stock. On this basis the Account would be—

RECEIPTS							ISSUES						
Date	From Whom Received	Delivery Note No.	Quantity	Cost per per Unit	Invoice Certificate		Amount	Date	To Whom (or Work) Issued	Requisition Note No.	Quantity	Issue Price per Unit	Value
					Date Paid	Initials							
19..	X. Brown B. Wilson	28	100	5/6	10/6'	J. W.	£	19..	Job No. 179	97	50	5/6	£
May 1		200	5/-		27 10 -		May 8	Job No. 179	211	50	5/6	13 15 -	
" 14					50 -		" 21	Job No. 179	211	50	5/-	12 10 -	
							" 31	Balance.		150	5/-	37 10 -	
			300				£77 10 -				300		£77 10 -
June 1	Balance.		150				37 10 -						

The second Account illustrates a system, which, if used, would result in the values of the physical stock agreeing, within reasonable limits, with the values as disclosed by the stores records.

## EXERCISE XVII—No. 26.

The following is a Cost Sheet for the production of Pedestal Bearings—

## COST SHEET

Works Order No.: 7841

Date: 5th April, 19..

Customer: F. Wilson

Promised: 20th April, 19..

Particulars: 10 × 3

Delivered: 18th April, 19..

Pedestal Bearings

Wages				Material Used	Requisition Note No.			
Shop No. 1	Shop No. 2	Shop No. 3						
Apr 8	12 hours at 2/6	2 hours at 2/-	16 hours at 2/-	Apr. 8	Iron Castings .	271	£	s. d.
15	14 hours at 2/6	2 hours at 2/-	10 hours at 2/-		Brass Castings .	272	2	8 -
					W.I. Bar 1½" .	273	2	- -
					Steel Nuts .	274	1	10 -
	26 hours at 2/6	4 hours at 2/-	26 hours at 2/-				5	6
Total Materials . . . . .							£	s. d.
Wages—							6	3 6
Shop No. 1—26 hours at 2/6 . . . . .						3	5	-
" 2—4 " 2/- . . . . .							8	-
" 3—26 " 2/- . . . . .						2	12	-
Total Wages . . . . .							6	5 -
Factory Expenses—							12	8 6
Shop No. 1—26 hours . . . . .								
" 2—4 " . . . . .								
" 30 , at 2/ . . . . .						3	-	-
" 3—26 " at 3/- . . . . .						3	18	-
Total Factory Overhead . . . . .							6	18 -
Office Overhead, 20% . . . . .							19	6 6
							3	17 4
							£23	3 10

A Wages Abstract is made showing the allocation of the total wages paid against the various jobs, and it is from this that the information as to the wages in each of the three shops shown in the Cost Sheet is obtained. Issues from stores of materials for use on jobs are made on Requisition Notes, and it is from these requisitions that particulars of the materials shown in the Cost Sheet are obtained. The Factory Expenses are on the basis of so much per labour hour of each shop, determined from data of actual shop costs divided by shop labour hours. The office overhead is determined from data of actual office overhead divided by factory cost multiplied by 100 to give the percentage of office overhead to be added in Cost Sheets. The materials issued will be recorded in a Materials Abstract Book from which the total stores issued can be determined.



**EXERCISE XVII—No. 27.**

When possible it is desirable to maintain agreement between the financial and costing records in order that a check may be kept on the costing records, and to avoid undiscovered omissions of material, wages, or other costs in the work of the Costing Section. The extent to which it is desirable to maintain such agreement is the prime cost and works overhead at least, and it may extend also to office overhead. Purchases should be dealt with as follows—

(a) Items from Purchase Analysis Book for goods supplied direct to contracts are posted to the Cost Ledger, and in the financial books these items are posted individually or by means of monthly totals of analysis columns provided for the purpose to appropriate accounts and summarized to the debit of Manufacturing Account.

(b) The summary of material issued from stores prepared from Stores Issue Notes should be recorded in a Materials Abstract Book. The details of materials are posted to the debit of the jobs concerned, and in the financial books the total of these items goes to debit of Manufacturing Account, and credit of Materials Account.

As regards wages the total wages shown by the wages abstract will be charged to the individual jobs in the Cost Ledger and debited in the financial books to Manufacturing Account. Wages chargeable to expenses items will be debited to Expenses Account in the nominal Ledger and the total amount of wages earned credited to the Wages Account.

Carrying out the foregoing the Cost Ledger records are—

<i>Various Job Accounts</i>					
	£	s.	d.		
To Materials (direct)	78	19	6		
„ Materials (stores issues)	276	9	1		
„ Wages	129	18	6		

**COST LEDGER SUMMARY**

Job No.	Name	Materials						Wages		
		Special			Stores					
		£	s.	d.	£	s.	d.	£	s.	d.
356	Jones Brothers (and others) <i>Note:</i> These figures summarize what in practice would be given in detail.	78	19	6	276	9	1	129	18	6

and the financial book records are—

<b>MATERIALS ACCOUNT</b>									
<i>Dr.</i>					<i>Cr.</i>				
	£	s.	d.		£	s.	d.		
				By Manufacturing Account Stores Issues as per Issue Note	276		1		
<b>DIRECT MATERIALS ACCOUNT</b>									
<i>Dr.</i>					<i>Cr.</i>				
	£	s.	d.		£	s.	d.		
				By Manufacturing Account	78	19	6		
<b>WAGES ACCOUNT</b>									
<i>Dr.</i>					<i>Cr.</i>				
	£	s.	d.		£	s.	d.		
				By Manufacturing Account	129	18	6		

**EXERCISE XVII—No. 27 (contd.).**

<i>Dr.</i>		MANUFACTURING ACCOUNT				<i>Cr.</i>		
		£	s.	d.		£	s.	d.
To Materials Used—								
Special Purchases	.	78	19	6				
Store Issues	.	276	9	1				
Wages.	.	129	18	6				

The actual cost of purchases delivered to stores is brought to debit of Materials Account, the balance of that account being the cost of materials in store, and can be checked by physical stock-taking. The cost of purchases of material delivered direct to jobs is debited to Direct Materials Account, and the credit entry should close the account. The wages paid should be debited to Wages Account, the credit entry shown above closing the account, though it may be necessary to take into account wages not allocated that should be transferred to Works Expenses Account. The total of the debit to Manufacturing Account should equal the total of work-in-progress as shown by a schedule taken from the Job Accounts in the Cost Ledger. When a job is completed its cost is shown separately in the Cost Ledger Summary, and is transferred to a Finished Goods Account in the financial books from the Manufacturing Account by the introduction to the credit of that account as a carry-down figure of the cost value of work-in-progress, the balance being cost of work completed, the figure being compared with the completed job total in the Cost Ledger Summary.

**EXERCISE XVII—No. 28**

The expedient adopted would be for the Lord Mayor's Secretary to pay a cheque for the sum of £2,000 into the Bank of India, London, for the credit of the Indian Famine Fund, Madras.

The Bank would then cable to their Madras Branch advising them to credit the Indian Famine Fund with the amount.

<i>Dr.</i>		LONDON CASH ACCOUNT				<i>Cr.</i>		
				19..	By Indian Famine Fund (Madras)	£	s.	d.
						2,000	—	—

<i>Dr.</i>		INDIAN FAMINE FUND (MADRAS)				<i>Cr.</i>		
19..	To Cash	£	s.	d.				
		2,000	—	—				

<i>Dr.</i>		MADRAS CASH ACCOUNT				<i>Cr.</i>		
19..	To Lord Mayor's Fund (London)	£	s.	d.				
		2,000	—	—				

<i>Dr.</i>		LORD MAYOR'S FUND (LONDON)				<i>Cr.</i>		
				19..	By Cash	£	s.	d.
						2,000	—	—

## EXERCISE XVII—No. 29.

ACCOUNT SALES OF 74 CASES OF BRADFORD GOODS sold by Messrs. Robinson & Co., for account and risk of Charles Richardson & Co., London.

19..		£	s.	d.	£	s.	d.
	30 cases Bradford Goods @ £120 per case				3,600	—	—
	24 cases Bradford Goods @ £125 per case				3,000	—	—
	20 cases Bradford Goods @ £130 per case				2,600	—	—
					£9,200	—	—
	<i>Charges.</i>						
	Landing Charges . . . . .	7	—	—			
	Insurance and Freight . . . . .	20	—	—			
	Commission, 2½% of £9,200. . . . .	230	—	—			
					257	—	—
					£8,943	—	—

## CHAS. RICHARDSON'S LEDGER

Dr.		CONSIGNMENT ACCOUNT				Cr.		
19..		£	s.	d.	19..	£	s.	d.
Feb. 1	To Goods on Consignm't	7,400	—	—	Feb. 21	By Robinson & Co.	8,943	—
" 1	" <i>Cash</i> —					(Account Sales)		
	Freight . . £35							
	Insurance . . 12							
		47	—	—				
" 21	" Balance, Net Profit .	1,496	—	—				
		£8,943	—	—		£8,943	—	—

## ROBINSON &amp; CO.'S LEDGER

<i>Dr.</i>		CONSIGNMENT INWARDS ACCOUNT				<i>Cr.</i>			
19..		£	s.	d.	19..		£	s.	d.
Feb. 21	To Chas. Richardson .	7,400	—	—	Feb. 21	By Sundry Debtors .	9,200	—	—
	" Landing Charges £ 7								
	" Insnce. & Freight 20								
	" Commission . 230								
	(2½% of £9,200)								
		257	—	—					
	" Balance due to Chas. Richardson .	1,543	—	—					
		£9,200	—	—			£9,200	—	—

Dr.

Dr.

Dr.

## Dr.

Dr.

EXERCISE XVII—No. 30 (contd.).

<i>Dr.</i>				<i>Cr.</i>			
DEFICIENCY ACCOUNT							
19..	To Realization A/c .	£	s. d.	19..	By Cash— A B	£	s. d.
		2,100	—			700	—
						700	—
					C's Capital drawn A/c	1,400	—
		£2,100	—			700	—
						£2,100	—

<i>Dr.</i>				<i>Cr.</i>			
A's CAPITAL ACCOUNT							
19..	To Drawings . " Cash.	£	s. d.	19..	By Balance .	£	s. d.
		1,100	—			6,000	—
		4,900	—				
		£6,000	—			£6,000	—

<i>Dr.</i>				<i>Cr.</i>			
A's DRAWINGS ACCOUNT							
19..	To C's Overdrawn A/c .	£	s. d.	19..	By Balance . " Capital A/c	£	s. d.
		1,800	—			700	—
		£1,800	—			1,100	—
						£1,800	—

EXERCISE XVII—No. 30 (contd.).

B's CAPITAL ACCOUNT

Dr.		Cr.	
19..	To Drawings " Cash	19..	By Balance.
	£ 200	s. d.	£ 3,000
	2,800	- -	
	£3,000	- -	£3,000

B's DRAWINGS ACCOUNT

Dr.		Cr.	
19..	To C's Overdrawn	19..	By Balance. " Capital Account
	£ 900	s. d.	£ 700
	900	- -	200
	£900	- -	£900

C's CAPITAL OVERDRAWN ACCOUNT

Dr.		Cr.	
19..	To Drawings " Share of Deficiency	19..	By Capital Account " Balance— A's share = $\frac{2}{3}$ B's share = $\frac{1}{3}$
	£ 3,000	s. d.	£ 1,000
	700	- -	1,800
	£3,700	- -	2,700
			£3,700

FINAL STATEMENT

Dr.		Cr.	
19..	A receives $\frac{2}{3}$ of £7,700. Less Share of Deficiency	19..	Cash
	£ 4,900	s. d.	£ 6,300
	700	- -	
	2,800	- -	
	700	- -	£6,300

## EXERCISE XVII—No. 31

## JOURNAL

19..		£	s.	d.	£	s.	d.
	Business Purchase Account . . . . .	50,000	—	—	50,000	—	—
	To B . . . . .						
	B . . . . .	25,000	—	—	25,000	—	—
	To Share Capital Account . . . . .						
	Application Account . . . . .	12,500	—	—			
	Allotment Account . . . . .	12,500	—	—			
	First Call Account . . . . .	12,500	—	—			
	Final Call Account . . . . .	12,500	—	—			
	To Share Capital Account . . . . .				50,000	—	—
	5/- per share on 50,000 shares issued on application, allotment, and calls respectively.						
	Share Capital Account . . . . .	820	—	—			
	To Forfeited Shares Account . . . . .				615	—	—
	„ Final Call . . . . .				205	—	—
	5/- unpaid on 820 shares.						
		£125,820	—	—	£125,820	—	—

Dr.

## CASH BOOK

Cr.

	Bank.		Bank.
19..	£ s. d.	19..	£ s. d.
To Application A/c . . . . .	12,500 — —	By Vendor . . . . .	25,000 — —
„ Allotment A/c . . . . .	12,500 — —	„ Preliminary Exps. . . . .	2,200 — —
„ First Call A/c . . . . .	12,500 — —	„ Balance c/d . . . . .	22,595 — —
„ Final Call A/c . . . . .	12,295 — —		
(£12,500 - £205)			
	£ 49,795 — —		£ 49,795 — —

**EXERCISE XVII—No. 32.**

Class of Costing	Explanation
Single . . .	Applicable to businesses supplying a uniform product, such as collieries, breweries, quarries, etc.
Departmental .	Used to ascertain the profits of departments.
Process . . .	A system used to ascertain the cost of each stage of manufacture through which material passes until it becomes a final product.
Job . . . . .	Used to ascertain the cost of production against each job undertaken.
Terminal . . .	Applicable to undertakings where definite contracts are entered into, e.g. building ships.
Multiple . . .	This method is used for undertakings in which a number of products are involved bearing little or no apparent relation to each other in cost or selling price, e.g. cycles, hosiery, boots, etc.
Operating . . .	A system of costs applied where concerns carrying on public services, e.g. railways, tramways, gas and water undertakings, etc.



EXERCISE XVII—No. 33.

THE ALBURY MINING CO., LTD.

TIN VEIN ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr.		Cr.	
To Coal Consumed.	£ 991	By <i>Tile Department Account</i> —	£ s. d.
" Stores used	2,745	Power, Coal, etc..	343
" Wages	3,843	Share of Trade Expenses	104
" Salaries	308		
" Rates, Taxes, Office and Sundry Expenses, and Carriage	584	" Balance (Capital Expenditure).	447
" Legal Expenses (re Claim for injuries in Mine Accident)	220		8,184
	£8,631,		—
			—

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr.		Cr.	
To Wages	£ 2,733	By Sales	£ s. d.
" Power, Coal, etc.	343	" Stock	2,599
" Share of General Expenses.	104	" Balance, Net Loss	718
" Stores used	56		197
" Carriage	215		
" Traveller's Commission	63		
	£3,514		£3,514
			—

EXERCISE XVII—Nc. 33 (contd.).

THE ALBURY MINING CO., LTD.  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.						PROPERTY AND ASSETS.			
<i>Nominal Capital—</i>									
50,000 Ordinary Shares @ £5									
£	s. d.	£	s. d.	£	s. d.	Freehold Land at Cost	£	s. d.	
£250,000	—					Buildings at Cost.	563	—	
						Tramway Track and Wagons	1,100	—	
						Plant and Machinery	12,038	—	
						Stock of Stores and Coal	988	—	
						Stock of Tiles	718	—	
				30,000	—	Sundry Debtors	359	—	
627	—					Tin Vein Account	8,184	—	
3,407	—			4,034	—	Cash at Bank	2,477	—	
						Preliminary Expenses	410	—	
						Balance of Tile Account (Loss)	197	—	
				£34,034	—		£34,034	—	

## EXERCISE XVII—No. 34.

<i>Dr.</i>		ROYALTIES ACCOUNT			<i>Cr.</i>		
		<i>£</i>	<i>s.</i>	<i>d.</i>		<i>£</i>	<i>s.</i> <i>d.</i>
1935 Apr. 1	To Landlord: Royalty of 1s. a ton on 5,000 .	250	-	-	By Trading Account .	250	-
1936 Apr. 1	To Landlord: Royalty of 1s. a ton on 13,000 .	650	-	-	Trading Account .	650	-
1937 Apr. 1	To Landlord: Royalty of 1s. a ton on 20,000	£1,000	-	-	„ Trading Account	£1,000	-

<i>Dr.</i>		SHORT WORKINGS ACCOUNT			<i>Cr.</i>		
		<i>£</i>	<i>s.</i>	<i>d.</i>		<i>£</i>	<i>s.</i> <i>d.</i>
1935 Apr. 1	To Landlord .	250	-	-	1936 Apr. 1	By Balance . c/d	250
	To Balance . b/d	250				By Landlord .	150
						Balance . c/d	100
	To Balance . b/d	£100	-	-	1937 Apr. 1	By Landlord .	£100

## LANDLORD'S ACCOUNT

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**EXERCISE XVII—No. 35.**

(a) As repairs and renewals are undertaken at an opportune time, such as to plant and machinery when business is poor and the machinery consequently not running full time, the cost under this heading may vary very considerably in successive years. To avoid revenue being charged each year with very unequal sums, a fixed amount may be charged each year to Profit and Loss Account and credited to a Repairs and Renewals Reserve Account, the actual cost of repairs and renewals in each year being charged to the reserve.

(b) The advantage is that an equal annual amount is charged to revenue for repairs and renewals, the actual cost being thus spread evenly over successive years.

(c) REPAIRS AND RENEWALS RESERVE									
Dr.					Cr				
Year		£	s.	d.	Year		£	s.	d.
1	To Cost of Repairs and Renewals . . . . .	163	7	6	1	By Profit and Loss Account . . . . .	300	-	-
	, Balance . . . . . c/d	136	12	6					
		£300	-	-			£300	-	-
2	To Cost of Repairs and Renewals . . . . .	500	-	-	2	By Balance . . . . . b/d	136	12	6
						„ Profit and Loss Account . . . . .	300	-	-
		£500	-	-		„ Balance . . . . . c/d	63	7	6
							£500	-	-
3	To Balance . . . . . b/d	63	7	6	3	By Profit and Loss Account . . . . .	300	-	-
	„ Cost of Repairs and Renewals . . . . .	124	3	6					
	„ Balance . . . . . c/d	112	9	-			£300	-	-
		£300	-	-					
					4	By Balance . . . . . b/d	112	9	-

(d) The balance of the account would appear in the Balance Sheet. In years 1 and 3 it would be on the liabilities side, and in year 2 on the assets side.

**EXERCISE XVIII—No. 1.**

See *Advanced Accounts*, page 848 (under appropriate heading).

**EXERCISE XVIII—No. 2.**

See *Advanced Accounts*, page 848 (under appropriate heading).

**EXERCISE XVIII—No. 3.**

See *Advanced Accounts*, page 849 (under "Depreciation and Renewals").

**EXERCISE XVIII—No. 4.**

See *Advanced Accounts*, page 849 (under "Depreciation and Renewals").

**EXERCISE XVIII—No. 5.**

See *Advanced Accounts*, page 848 (under "Capital Account").

The Capital Account of a Commercial Limited Company shows only the liability of the company to its shareholders.

**EXERCISE XVIII—No. 6.**

(a) Companies incorporated under special Acts of Parliament for the purpose of acquiring, or constructing, and working large public undertakings, such as—

- |               |  |
|---------------|--|
| (1) Railways. | (3) Gasworks.                          |
| (2) Tramways. | (4) Electric Light Installations, etc. |

(b) The principal reason for the application of the Double Account System is in regard to the presentation of Receipts and Expenditure on Capital Account, which is, practically, a Cash Statement explanatory of how the Company has employed the shareholders' money. The statement is the first part of the Double Account Balance Sheet.

**EXERCISE XVIII—No. 7.**

See *Advanced Accounts*, page 856, for *pro forma* Example of "Capital Receipts and Expenditure Account." Depreciation under the Double Account System is provided by a charge against NET Revenue Account of a fixed annual amount which is credited to a Depreciation Fund Account.

Yes. Parliamentary Gas Companies adopting Gasworks Act, 1871, and Companies Clauses (Consolidation) Act, 1845.

(1) Gas Consumption Ledger (see *Advanced Accounts*, page 1048).  
(2) Cash Book (Receipts side) as below—

[illegible]

See under "Depreciation and Renewals" on page 849 of *Advanced Accounts*.

THE CORNWALL COLLIERY CO.  
 RECEIPTS AND EXPENDITURE ON CAPITAL ACCOUNT  
 FOR THE YEAR ENDED 31ST DECEMBER, 19..

	Expended to 31st Dec., 19..			Expended During the Year.			Total.			Received to 31st Dec., 19..			Received During the Year.			Total.		
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
To Lands Acquired . . . . .	8,500	—	—				8,500	—	—									
„ Shaft Sinking, etc. . . . .	105,000	—	—	6,000	—	—	111,000	—	—	110,000	—	—	—	—	—	110,000	—	—
„ Plant and Machinery . . . . .	30,000	—	—	5,000	—	—	35,000	—	—	50,000	—	—	10,000	—	—	60,000	—	—
„ Wagons . . . . .	10,500	—	—	3,000	—	—	13,500	—	—	30,000	—	—	—	—	—	30,000	—	—
„ Office Buildings . . . . .	3,000	—	—				3,000	—	—									
„ Workmen's Cottages . . . . .	8,000	—	—	1,000	—	—	9,000	—	—									
	£185,000	—	—	£15,000	—	—	180,000	—	—	£190,000	—	—	£10,000	—	—	£200,000	—	—
„ Balance to Balance Sheet . . . . .							20,000	—	—									
							£200,000	—	—									

GENERAL BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.			ASSETS.		
<i>Capital Account—</i>					
Credit Balance . . . . .	£	d.	Short Workings . . . . .	£	d.
Reserve Fund . . . . .	20,000	—	Stock . . . . .	1,000	—
Depreciation Fund . . . . .	15,000	—	Sundry Debtors . . . . .	12,000	—
Bills Payable . . . . .	20,000	—	Investments . . . . .	35,000	—
Sundry Creditors . . . . .	6,000	—	Cash in hand and at Bank . . . . .	17,000	—
<i>Profit and Loss Account—</i>				30,000	—
Balance . . . . .	9,000	—			
	£25,000	—			
	£95,000	—		£95,000	—



# SINGLE ACCOUNT SYSTEM

BALANCE SHEET AS AT 31ST DECEMBER, 19..

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EXERCISE XVIII—No. II.

THE DYNAMO ELECTRIC LIGHTING CO., LTD.

CAPITAL ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 19..

Dr.

Cr.

	Expended to 30th June, 19..	Expended to 30th June, 19..	Total Expenditure 30th June, 19..			Receipts.
	£	s. d.	£	s. d.		£
To Freehold Land . . .	9,300	—	9,300	—		
" Buildings . . .	4,000	—	5,000	—		24,000
" Generating Machinery & Plant . . .	6,000	—	10,000	—		15,000
" Transformers, Motors, etc. . .	1,000	—	2,000	—		
" Mains . . .	5,000	—	8,000	—		
" Meters . . .	500	—	1,500	—		
" Electrical Instruments . . .	300	—	400	—		
" Office Furniture . . .	250	—	250	—		
	£26,350	—	36,450	—		
		—	2,550	—		
		—	£39,000	—		£39,000
" Balance to Balance Sheet . . .		—		—		

GENERAL BALANCE SHEET AS AT 30TH JUNE, 19..

	£	s. d.		£	s. d.
<b>LIABILITIES.</b>			<b>ASSETS.</b>		
<i>Capital Account—</i>			<i>Stores on hand—</i>		
Credit Balance . . .			Coal, Oil, Waste, etc. . .	100	—
Sundry Creditors . . .			General Stores . . .	2,350	—
Depreciation Fund . . .					
Debenture Interest . . .			Sundry Debtors . . .		2,450
<i>Net Revenue Account—</i>			Sundry Debtors for Interest on		3,000
Credit Balance . . .			Calls in arrear . . .		25
			Cash at Bankers and in hand		3,300
					£8,775



THE DYNAMO ELECTRIC LIGHTING CO., LTD.

<i>Dr.</i>	NET REVENUE ACCOUNT		<i>Cr.</i>
	<i>£</i>	<i>s. d.</i>	
To Interest on Debentures . . . . .	900	— —	
Balance available for Dividend . . . . .	1,565	— —	
on Ordinary Stock or Shares . . . . .	—	— —	
	<u>£2,465</u>	<u>— —</u>	
			<i>£</i> 2,465
			<i>s. d.</i> — —

THE DURHAM RAILWAY CO.

<i>Dr.</i>	Expended to 30th June, 19..	Expended during Half-year.	Total.	Received to 30th June, 19..	Received during Half-year.	Total.	<i>Cr.</i>
	<i>£</i> <i>s.</i> <i>d.</i>	<i>£</i> <i>s.</i> <i>d.</i>	<i>£</i> <i>s.</i> <i>d.</i>	<i>£</i> <i>s.</i> <i>d.</i>	<i>£</i> <i>s.</i> <i>d.</i>	<i>£</i> <i>s.</i> <i>d.</i>	
To Lines Open for Traffic ..	825,950	—	851,950	290,000	—	300,000	
" Lines in Course of Con- struction ..	4,000	—	5,000	480,000	—	500,000	
" Lines not commenced ..	50	—	50	24,000	—	25,000	
" Working Stock ..	125,000	—	130,000	200,000	—	200,000	
" Contributions to Joint Lines ..	50,000	—	50,000	£994,000	—	£1,025,000	
" Purchase of Grand Canal	5,000	—	5,000	—	£31,000	—	
	—	—	—	—	—	17,000	
	£1,011,000	—	£1,042,000	—	—	£1,042,000	

EXERCISE XVIII—No. 12 (*contd.*).

THE DURHAM RAILWAY CO.

GENERAL BALANCE SHEET AS AT 31ST DECEMBER, 19..

	LIABILITIES.		ASSETS.		
	£	s. d.	Capital Account—	£	s. d.
Debts due to other Companies	500	—	Debit Balance	17,000	—
Sundry Tradesmen, etc.	20,000	—	Cash at Bank	5,000	—
Fire Insurance Fund	1,500	—	General Stores—		
Superannuation Fund	5,000	—	Stock of Materials	10,000	—
Net Revenue Account—			Traffic Accounts due to Company	10,000	—
Credit Balance	20,000	—	Amounts due from other Companies	1,000	—
			Sundry Tradesmen, etc.	4,000	—
	£47,000	—		£47,000	—

EXERCISE XVIII—No. 13.

THE TRENT VALLEY WATER CO.

CAPITAL ACCOUNT, 31ST DECEMBER, 19..

Dr. Cr.

	EXPENDITURE.		RECEIPTS.		
	£	s. d.	By 60,000 Ordinary Shares of £1 each	£	s. d.
To Purchase of Land	3,000	—	" 20,000 Preference Shares of £1 each, 6%	60,000	—
" Construction of Works	102,330	—	" Debenture Stock, 5%	20,000	—
" Mains and Service Pipes	11,920	—	" Premiums on Shares	20,000	—
" Meters	1,050	—	" Balance to Balance Sheet	300	—
" Parliamentary Expenses	2,000	—			
	£120,300	—		£120,300	—

EXERCISE XVIII—No. 13 (*contd.*).

THE TRENT VALLEY WATER CO.

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

*Dr.*

*Cr.*

	£	s.	d.		£	s.	d.
To Salaries . . . . .	600	—	—	By Water Rents . . . . .	14,667	—	—
" Printing . . . . .	50	—	—	" General Rents . . . . .	350	—	—
" Incidental Expenses . . . . .	37	—	—	" Transfer Fees . . . . .	24	—	—
" Maintenance of Pumping Stations . . . . .	1,705	—	—				
" Maintenance of Filter Beds . . . . .	150	—	—				
" Maintenance of Reservoirs . . . . .	500	—	—				
" Repairs to Mains . . . . .	220	—	—				
" General Repairs . . . . .	155	—	—				
" Directors' Fees . . . . .	400	—	—				
" Auditors' Fees . . . . .	50	—	—				
" Rates and Taxes . . . . .	2,500	—	—				
" Interest on Debenture Stock . . . . .	1,000	—	—				
" Balance to Net Revenue Account . . . . .	7,674	—	—				
	£15,041	—	—		£15,041	—	—

*Dr.*

NET REVENUE ACCOUNT, 31ST DECEMBER, 19..

*Cr.*

	£	s.	d.		£	s.	d.
To Dividend on Preference Shares to date . . . . .	1,200	—	—	By Balance of Net Revenue Account, 1st Jan., 19.. . . .	1,000	—	—
" Interim Dividend on Ordinary Shares, 1st Aug., 19.. . . .	3,000	—	—	" Balance from Revenue Account . . . . .	7,674	—	—
" Reserve Fund Account . . . . .	242	—	—				
" Balance for distribution . . . . .	4,232	—	—				
	£8,674	—	—		£8,674	—	—

EXERCISE XVIII—No. 13 (*contd.*).

THE TRENT VALLEY WATER CO.

[illegible]

GENERAL BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.		ASSETS.	
£	s. d.	£	s. d.
Reserve Fund Account . . . . .	500	Balance from Capital Account . . . . .	300
Sundry Creditors . . . . .	841	Stores on hand . . . . .	340
Unclaimed Dividends . . . . .	20	Sundry Debtors for Water Rates, etc. . . . .	1,242
Balance from Net Revenue Account.	4,232	Sundry Debtors . . . . .	48
		<i>Investments—</i>	
		National War Loan Stock . . . . .	250
		Amount added this date . . . . .	250
		Cash at Bank . . . . .	3,353
		Less Amount invested in National War Loan Stock . . . . .	250
		Cash in hand . . . . .	3,103
			60
	£5,593		£5,593

Dr.		GAS SALES ACCOUNT				Cr.	
					19..	By Sundry Consumers	£ 320 s. 10 d. -
Dr.		COKE SALES ACCOUNT				Cr.	
					19..	By J. Smith	£ 6 s. 15 d. -
Dr.		SUNDRY GAS CONSUMERS				Cr.	
19..	To Gas Sales Account	£ 320	s. 10	d. -	19..	By Cash	£ 304 s. 9 d. 6
						" Discount Account	16 - 6
		£ 320	10	-			£ 320 10 -
Dr.		JOHN SMITH				Cr.	
19..	To Coke	£ 6	s. 15	d. -	19..	By Cash on Account	£ 5 s. 1 d. -
						" Balance	1 15 -
		£ 6	15	-			£ 6 15 -
Dr.		A B CO.				Cr.	
19..	To Gas Fitting Returns	£ 20	s. -	d. -	19..	By Gas Fittings	£ 125 s. - d. -
	" Balance	105	-	-			
		£ 125	-	-			£ 125 - -
Dr.		GAS FITTINGS ACCOUNT				Cr.	
19..	To A B Co.	£ 125	s. -	d. -	19..	By A B Co. (Returns)	£ 20 s. - d. -
Dr.		DISCOUNT ACCOUNT				Cr.	
19..	To Sundry Gas Consumers	£ 16	s. -	d. 6			
Dr.		CASH ACCOUNT				Cr.	
19..	To Sundry Gas Consms.	£ 304	s. 9	d. 6			
	" J. Smith on A/c	5	-	-			
		£ 309	9	6			



## EXERCISE XVIII—No. 15.

## MUNICIPAL WATERWORKS LEDGER

ATLAS ASSURANCE CO.

(Loan of £10,000 @ 4% repayable in 20 years. *Terms* :—Principal by equal annual instalments.  
*Dr.* Interest half-yearly on balance outstanding.) *Cr.*

19..	To Cash . . . . .	£	500	s.	—	19..	By Cash . . . . .	£	10,000	s.	—
	„ Cash . . . . .		180	10	—		„ Interest . . . . .		190	—	—
	„ Income Tax . . . . .		9	10	—						

*Dr.* MESSRS. STONE & CO., CONTRACTORS *Cr.*

19..	To Cash . . . . .	£	400	s.	—						
------	-------------------	---	-----	----	---	--	--	--	--	--	--

*Dr.* S. JOHNSON & CO. *Cr.*

19..	To Cash . . . . .	£	78	s.	9	19..	By Materials . . . . .	£	78	s.	9
			6								6

*Dr.* INTEREST ACCOUNT *Cr.*

19..	To Atlas Assurance Co. . .	£	190	s.	—						
------	----------------------------	---	-----	----	---	--	--	--	--	--	--

*Dr.* INCOME TAX ACCOUNT *Cr.*

						19..	By Atlas Assurance Co. . .	£	9	s.	10
											—

*Dr.* MATERIALS ACCOUNT *Cr.*

19..	To S. Johnson & Co. . . . .	£	78	s.	9	19..	By Repairs to Mains. . . . .	£	15	s.	—
			6								—

*Dr.* REPAIRS TO MAINS ACCOUNT *Cr.*

19..	To Materials . . . . .	£	15	s.	—						
------	------------------------	---	----	----	---	--	--	--	--	--	--

*Dr.* CASH ACCOUNT *Cr.*

19..	To Atlas Assurance Co. . .	£	10,000	s.	—	19..	By Atlas Assurance Co. . .	£	500	s.	—
							„ Atlas Assurance Co. . .		180	10	—
							„ Messrs. Stone & Co. . .		400	—	—
							„ S. Johnson & Co. . . . .		78	9	6

## THE GREAT SOUTHERN RAILWAY

Dr.	REVENUE ACCOUNT FOR THE HALF-YEAR ENDED 31st DECEMBER, 19..	Cr.
-----	---	-----

	£	s.	d.
To Expenditure on Maintenance of Way			
Stations, etc.	38,373	—	—
Locomotive Power	93,008	—	—
Carriage and Wagon Repairs	14,858	—	—
Traffic Expenses	61,098	—	—
General Charges	13,342	—	—
Shipping Expenses	18,199	—	—
Dock and Harbour Expenses and Repairs	9,371	—	—
Law Charges	2,697	—	—
Parliamentary Expenses	3,834	—	—
Compensation	354	—	—
Mileage and Demurrage	447	—	—
Rates and Taxes	31,060	—	—
Government Duty	395	—	—
Balance carried to Net Revenue A/c	218,373	—	—
	<u>£505,409</u>	—	—

	£	s.	d.
By Receipts from Passengers	106,401	—	—
„ Parcels, Carriages, and Horses	9,578	—	—
„ Mails	2,641	—	—
„ Merchandise	43,508	—	—
„ Minerals	280,448	—	—
„ Shipping	19,355	—	—
„ Docks and Harbours	39,501	—	—
„ Rents	3,977	—	—
	<u>£505,409</u>	—	—

EXERCISE XVIII—No. 17.

X. Y. Z. CO., LTD.

CAPITAL ACCOUNT

Expenditure.	Amount Expended to 1st Jan.		Amount Expended during Year		Receipts.	Amount Received to 1st Jan.		Amount Received during Year		Total Received
	£	s. d.	£	s. d.		£	s. d.	£	s. d.	
To Freehold Land . . .	5,000	—	500	—	By Share Capital . . .	—	—	—	—	15,000
" Machinery . . .	6,000	—	1,000	—	" Debentures . . .	5,000	—	3,000	—	8,000
" Buildings . . .	2,000	—	300	—						
" Office Furniture . . .	—	—	—	—						
	13,000	—	1,800	—						
To Balance to General Balance Sheet . . . . .										£ 23,000

Dr.

GENERAL BALANCE SHEET AS AT 31ST DECEMBER, 19..

Cr.

	£		s.		d.
	£	s.	d.	£	s.
Capital Account (balance) . . . . .	7,700	—	—	6,600	—
Sundry Creditors . . . . .	1,100	—	—	4,000	—
Interest due to Debenture Holders . . . . .	300	—	—	2,200	—
Depreciation Fund Account . . . . .	5,000	—	—	6,000	—
Revenue Account (Cr. Balance) . . . . .	4,700	—	—		
	£ 18,800	—	—	£ 18,800	—

Cash at bank and in hand .  
Investments against Depreciation Fund (as contra) .  
Sundry Debtors . . . . .  
Stock . . . . .

EXERCISE XVIII—Nos. 18 to 20.

See separate sections of Chapter XVIII on—(a) Gas Companies for answer to Question 18; (b) Water Companies for answer to Question 19; (c) Electric Light Companies for answer to Question 20.

**EXERCISE XVIII—No. 21.**

(a) Premiums received on an issue of Debentures would be shown as a separate liability in the Balance Sheet, or be transferred to a special account, i.e. "Capital Reserve."

(b) The Policy on A B's life, if accepted as a discharge of A B's debt of £6,000, would be shown in the books of account as under—

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19..		£	s.	d.	£	s.	d.
	Insurance Co. (Suspense A/c) . . . . .	5,000	—	—			
	Bad Debts . . . . .	1,000	—	—			
	To A B . . . . .				6,000	—	—
	For life policy endorsed over by A B in satisfaction of debt, and balance of account, irrecoverable, transferred.						
		£6,000	—	—	£6,000	—	—

**CASH BOOK**

19..		£	s.	d.	£	s.	d.
	By Insurance Account . . . . .				130	—	—
	(Premiums on LIFE policy paid) and so on for each year until the decease of A B.						
	It would be wise to write off to Profit and Loss the item "Insurance."						

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(c)		£	s.	d.	£	s.	d.
	Plant Account . . . . .	750	—	—			
	To A Co. . . . .				750	—	—
	Invoice price of machine purchased.						
	A Co. . . . .	300	—	—			
	To Exhibition Account . . . . .				300	—	—
	For allowance by vendor for machine exhibited.						
		£1,050	—	—	£1,050	—	—

**EXERCISE XVIII—No. 22.**

The books, in addition to the ordinary Books of Account, to be kept for the purposes of a complete system of Cost Accounts are as detailed below—

(a) Stores Books, i.e.—

(1) Stores Received ; (2) Stores Issued.

(b) Stores Ledger.

(c) Wages Analysis Book.

(d) Cost Ledger.

The system would provide adequate records of—

(1) Materials used.

(2) Wages paid.

(3) The precise cost of a job, provided the Cost Ledger is suitably ruled with analysis columns for showing direct and indirect expenses (factory and office overhead)

THE PATENT MIXTURES CO., LTD.

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## EXERCISE XVIII—No. 24.

## JOURNAL

19..		£	s.	d.	£	s.	d.
Mar. ..	Share Capital Account . . . . .	1,000	-	-			
	To Forfeited Shares Account . . . . .				355	-	-
	„ Final Call . . . . .				645	-	-
	100 shares forfeited by Thomas Robinson for NON-payment of amount due on aforesaid shares.						
		£1,000	-	-	£1,000	-	-

## EXERCISE XVIII—No. 25.

(1) The issue of Debentures at 90 per cent, repayable at ten years, will appear as a liability in the Balance Sheet, viz., "Debentures £10,000." A proportional amount of the Debenture discount will be written off each year, i.e.  $\frac{1}{10}$  of £1,000 = £100, the balance appearing as an asset until extinguished.

(2) The expenditure on advertising a new patent medicine may be written off by either of the following ways—

(a) over a number of years, say, from three to five,  
or (b) an amount each year, bearing some relation to the varying turnover, until extinguished.

(3) A debt owing by a director must be shown separately on the asset side of the Balance Sheet.

THE SHERBOURNE IRON FURNACE CO., LTD.

FURNACE ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 19..:

	Iron Ore.	Lime-stone.	Coal and Coke;	Total.		s.	d.
To Stocks, 1st Oct.	f. 1,006	f. 122	f. 1,400	f. 2,528	f. 58,660	-	-
Add Purchases	14,467	3,350	27,227	45,014	-	-	-
	15,473	3,442	28,627	47,542			
Less Stocks, 30th Sept.	1,128	78	900	2,106			
	£ 14,345	£ 3,364	27,727	45,436			
Carriage Inwards				2,000			
" Wages (Furnaces)				8,724			
" Repairs and Renewals of Furnaces, etc.				2,500			
					£ 58,660	-	-



EXERCISE XVIII—No. 26 (contd.).

THE SHERBOURNE IRON FURNACE CO., LTD.

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 19..					Cr.
Dr.		£	s.	d.	
To Stock of Pig Iron, 1st Oct. . . . .		26,272	—	—	By Sales of Pig Iron . . . . .
" Furnace A/c (cost of Pig Iron produced) . . . . .		58,660	—	—	" Stock of Pig Iron, 30th Sept. . . . .
" Balance, Gross Profit. . . . .		17,986	—	—	
		£102,918	—	—	£102,918
To Rates and Taxes . . . . .		1,297	—	—	By Trading Account . . . . .
" Repairs and Renewals of Rolling Stock. . . . .		1,221	—	—	
" Office Salaries and Sundry Wages . . . . .		1,728	—	—	
" Travelling Expenses . . . . .		237	—	—	
" Insurance (Fire & Employers' Liability). . . . .		385	—	—	
" Law Charges . . . . .		233	—	—	
" Bad Debts. . . . .		9	—	—	
" Carriage Outwards . . . . .		3,000	—	—	
" Balance, Net Profit c/d . . . . .		9,876	—	—	
		£17,986	—	—	£17,986

Dr.	APPROPRIATION ACCOUNT				Cr.		
	£	s.	d.		£	s.	d.
To Dividends paid 31st March on account of the year ended 30th Sept., 19..	5,995	—	—	By Balance, 1st Oct.	7,822	—	—
" Dividend Reserve	2,000	—	—	" Current Year's Profit	9,876	—	—
" Balance to Balance Sheet	9,703	—	—				
	£17,698	—	—		£17,698	—	—

THE SHERBOURNE IRON FURNACE CO., LTD.

BALANCE SHEET AS AT 30TH SEPTEMBER, 19..

719

THE A. R. WADDELL CO., LTD.

720

EXERCISE XVIII—No. 27 (contd.).

THE A. R. WADDELL CO., LTD.

Dr. PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31st DECEMBER, 19.. Cr.

To Salaries . . . . .	£	s.	d.	£	s.	d.	By Trading Account . . . . .	£	s.	d.
" General Expenses . . . . .				3,060	—	—	" Rents Received . . . . .	12,700	—	—
" Rates, Taxes, and Insurance . . . . .	2,450	—	—	941	—	—	" Balance, Net Loss . . . . .	300	—	—
Less Insurance paid in advance . . . . .	50	—	—					3,000	—	—
" Debenture Interest . . . . .				2,400	—	—				
(including 6 mos. due)				232	—	—				
" Repairs and Renewals . . . . .				1,027	—	—				
" Alterations and Improvements . . . . .				501	—	—				
(½ of £2,505 W/o)										
" Advertising . . . . .				2,793	—	—				
" Directors' Fees . . . . .				750	—	—				
" Legal Expenses . . . . .				61	—	—				
" Preliminary Expenses . . . . .				447	—	—				
" Lighting and Heating . . . . .				766	—	—				
" Discount . . . . .				1,174	—	—				
" Travellers' Expenses and Com- mission . . . . .				647	—	—				
" Addition to Bad Debts Reserve . . . . .				250	—	—				
" Depreciation— Plant and Machinery, etc. . . . .				951	—	—				
(10% of £9,510)										
				£ 16,000	—	—		£ 16,000	—	—

EXERCISE XVIII—No. 27 (contd.).

THE A. R. WADDELL CO., LTD.  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.						PROPERTY AND ASSETS.					
<i>Nominal Capital</i> —		£	s. d.	£	s. d.	Freehold Land and Buildings		£	s. d.	£	s. d.
10,000 Ordinary Shares of £10 each . . . . .		100,000	—		—	Plant, Machinery, and Fixtures		9,510	—	26,000	—
						Less Depreciation . . . . .		951	—		—
<i>Issued Capital</i> —						Alterations and Improvements		2,505	—	8,559	—
500 Ordinary Shares of £10 each issued as fully paid . . . . .				5,000	—	Less £ written off . . . . .		501	—		—
7,500 Ordinary Shares of £10 each, £7/10/- per share called up . . . . .		56,250	—		—	Goodwill . . . . .			—	2,004	—
; Less Calls in Arrears . . . . .		250	—		—	Stock . . . . .			—	10,000	—
						Sundry Debtors . . . . .		16,342	—	12,347	—
5% Debentures . . . . .				56,000	—	Less Bad Debts Reserve . . . . .		500	—		—
Debenture Interest accrued . . . . .				5,000	—	Cash in hand . . . . .			—	15,842	—
Reserve for Depreciation of Buildings . . . . .				125	—	Insurance prepaid . . . . .			—	198	—
Bank Overdraft . . . . .				3,000	—	Profit and Loss Account (balance)			—	50	—
Bills Payable . . . . .				1,789	—					3,000	—
Sundry Creditors . . . . .				962	—						—
				6,124	—						—
											—
				78,000	—					78,000	—
											—

## MONTHLY COST SHEET

	£			s.			d.			£	s.			d.	Per cent of total cost
	£	s.	d.	£	s.	d.	£	s.	d.		£	s.	d.		
<i>Direct Materials—</i>															
Pig Iron . . . . .	342	—	—												
Scrap . . . . .	68	—	—												
Direct Wages . . . . .				410	—	—				560	—	—	—	58.33	
<i>Indirect Materials—</i>															
Sand . . . . .	4	—	—												
Limestone . . . . .	70	—	—												
Sundry Stores . . . . .	22	—	—												
Fuel . . . . .										96	—	—	—	10.00	
<i>Indirect Wages—</i>										104	—	—	—		
Coremakers . . . . .	30	—	—												
Foremen . . . . .	37	—	—												
Dressers . . . . .	39	—	—												
Other Wages . . . . .	34	—	—							140	—	—	—		
Overhead Foundry Expenses—															
40 per cent on £150 direct wages . . . . .										60	—	—	—		
Cost of producing 420 cwt. castings . . . . .										£960	—	—	—		
Cost per cwt. of castings . . . . .										£2	5	9	—		



EXERCISE XVIII—No. 29 (*contd.*)

4

Dr.		DEBENTURE DISCOUNT ACCOUNT						Cr.			
1932 Jan. 1	To Debentures	J. 1	£ 1,000	s. -	d. -	1932/36 1937 Jan. 1	By Amount written off " Debentures	J. 1 J. 1	£ 500 500 £1,000	s. - - -	d. - - -

5

Dr.		SHARE CAPITAL ACCOUNT										Cr.	
							1937 Jan. 1	By Debentures	J 1	£ 19,000	s. -	d. -	

6

Dr.		SHARE PREMIUM ACCOUNT						Cr.			
						1937 Jan. 1	By Debentures	J. 1	£ 500	s. -	d. -

7

<i>Dr.</i>		PROFIT AND LOSS ACCOUNT						<i>Cr.</i>	
1932/36	To Debenture Dis- count . . J. 1	£	s.	d.					
		500	-	-					

## EXERCISE XVIII—No. 30.

Dr.						LEASE ACCOUNT						Cr.		
Year 1	To Bank		£	s.	d.	Year 1	By Depreciation		£	s.	d.	c/d		
	" Interest		2,000	-	-		" Balance		449	5	1			
			80	-	-			1,630	14	11				
			£2,080	-	-			£2,080	-	-				
Year 2	To Balance	b/d	1,630	14	11	Year 2	By Depreciation		449	5	1	c/d		
	" Interest		65	4	7		" Balance		1,246	14	5			
			£1,695	19	6			£1,695	19	6				
	Year 3	To Balance	b/d	1,246	14		5	Year 3	By Depreciation		449		5	1
" Interest			49	17	5	" Balance			847	6	9			
			£1,296	11	10		£1,296		11	10				
Year 4		To Balance	b/d	847	6	9	Year 4		By Depreciation		449	5	1	c/d
	" Interest		33	17	10	" Balance			431	19	6			
			£881	4	7			£881	4	7				
	Year 5	To Balance	b/d	431	19	6		Year 5	By Depreciation		449	5	1	
" Interest			17	5	7		£449		5	1				
			£449	5	1									



## EXERCISE XVIII—No. 31.

## JOURNAL

		£	s.	d.	£	s.	d.
19..							
Mar. 2	Re-valuation Account . . . . .	510	—	—			
	To Stock-in-Trade . . . . .				194	—	—
	" Motor Vehicles . . . . .				200	—	—
	" Reserve for Bad Debts . . . . .				86	—	—
	" Sundry Creditors . . . . .				30	—	—
	Agreed reductions in values of assets and introduction of liability omitted.						
	Plant and Machinery Account . . . . .	250	—	—			
	To Re-valuation Account . . . . .				250	—	—
	Agreed increase in value of plant.						
	W. Fison: Capital Account . . . . .	130	—	—			
	T. Barrett: Capital Account . . . . .	130	—	—			
	To Re-valuation Account . . . . .				260	—	—
	Transfer of shares of loss on re-valuation.						
	Goodwill . . . . .	500	—	—			
	To W. Fison: Capital Account . . . . .				500	—	—
	Introduction of Fison's share of goodwill.						
	W. Fison: Capital Account . . . . .	2,370	—	—			
	To W. Fison deceased: Loan transfer . . . . .				2,370	—	—
		<u>£3,890</u>	—	—	<u>£3,890</u>	—	—

## EXERCISE XIX—No. 1.

"Short-workings" relates to the right a lessee of a mine (or quarry) has to recoup out of future excess royalties for "Shorts" (or Short-workings), i.e. deficiencies on Royalties to meet the Minimum Dead Rent in past years. The item is treated as a temporary asset. At the expiry of the period of recoupment of Short-workings the item would be transferred to the Profit and Loss Account.

## EXERCISE XIX—No. 2.

## INTERNATIONAL WAGON CO.'S LEDGER

<i>Dr.</i>				HARD COAL COLLIERY CO.				<i>Cr.</i>			
19..		£	s. d.	19..		£	s. d.				
Jan. 1	To Sundries . . .	5,000	—	July 1	By Cash . . .	300	—				
July 1	„ Interest (7%) . .	175	—	„ 1	„ Balance c/d . .	4,875	—				
		£5,175	—			£5,175	—				
19..				19..							
July 1	To Balance b/d . . .	4,875	—	Jan. 1	By Cash . . .	300	—				
19..				„ 1	„ Balance c/d . .	4,745	12 6				
Jan. 1	„ Interest . . .	170	12 6			£5,045	12 6				
		£5,045	12 6								
19..				19..							
Jan. 1	To Balance b/d . . .	4,745	12 6	July 1	By Cash . . .	300	—				
July 1	„ Interest . . .	166	1 11	„ 1	„ Balance c/d . .	4,611	14 5				
		£4,911	14 5			£4,911	14 5				
19..				19..							
July 1	To Balance b/d . . .	4,611	14 5	Jan. 1	By Cash . . .	300	—				
19..				„ 1	„ Balance c/d . .	4,473	2 7				
Jan. 1	„ Interest . . .	161	8 2			£4,773	2 7				
		£4,773	2 7								
19..				19..							
Jan. 1	To Balance b/d . . .	4,473	2 7	July 1	By Cash . . .	300	—				
July 1	„ Interest . . .	156	11 2	„ 1	„ Balance c/d . .	4,329	13 9				
		£4,629	13 9			£4,629	13 9				
19..				19..							
Jan. 1	To Balance b/d . . .	4,329	13 9	Jan. 1	By Cash . . .	300	—				
19..				„ 1	„ Balance c/d . .	4,181	4 6				
Jan. 1	„ Interest . . .	151	10 9			£4,481	4 6				
		£4,481	4 6								
19..											
Jan. 1	To Balance b/d . . .	4,181	4 6								

## HARD COAL COLLIERY CO.'S LEDGER

<i>Dr.</i>				WAGON ACCOUNT				<i>Cr.</i>			
19..		£	s. d.	19..		£	s. d.				
July 1	To Wagon Co. . . .	125	—	July 1	By Balance c/d . . .	125	—				
19..				19..							
July 1	To Balance b/d . . .	125	—	Jan. 1	By Balance c/d . . .	254	7 6				
19..											
Jan. 1	„ Wagon Co. . . .	129	7 6			£254	7 6				
		£254	7 6								
19..				19..							
Jan. 1	To Balance b/d . . .	254	7 6	July 1	By Balance c/d . . .	388	5 7				
July 1	„ Wagon Co. . . .	133	18 1			£388	5 7				
		£388	5 7								

EXERCISE XIX—No. 2 (*contd.*).

<i>Dr.</i>			WAGON ACCOUNT ( <i>contd.</i> ).			<i>Cr.</i>		
19..			£	s.	d.	19..		
July 1	To Balance b/d . . .		388	5	7	Jan. 1	By Balance c/d . . .	£ 526 17 5
19..								
Jan. 1	„ Wagon Co. . . .		138	11	10			
			£526	17	5			£526 17 5
19..								
Jan. 1	To Balance b/d . . .		526	17	5	19..		
July 1	„ Wagon Co. . . .		143	8	10	July 1	By Balance c/d . . .	670 6 3
			£670	6	3			£670 6 3
19..								
July 1	To Balance b/d . . .		670	6	3	19..		
19..						Jan. 1	By Balance c/d . . .	818 15 6
Jan. 1	„ Wagon Co. . . .		148	9	3			£818 15 6
			£818	15	6			
19..								
Jan. 1	To Balance b/d . . .		818	15	6			

## EXERCISE XIX—No. 3.

## B. S. COAL CO.'S LEDGER

*Dr.* INSTALMENTS ON WAGONS ON HIRE-PURCHASE ACCOUNT *Cr.*

Year 1	To Cash . . . . .	£ 150	s. —	d. —	Year 1	By Depreciation . . .	£ 115	s. —	d. —
	„ Wagon Account . .	200	—	—		„ Balance c/d . . .	235	—	—
		£350	—	—			£350	—	—
Year 2	To Balance b/d . . .	235	—	—	Year 2	By Depreciation . . .	103	10	—
	„ Wagon Account . .	200	—	—		„ Balance c/d . . .	331	10	—
		£435	—	—			£435	—	—
Year 3	To Balance b/d . . .	331	10	—	Year 3	By Depreciation . . .	93	3	—
	„ Wagon Account . .	200	—	—		„ Balance c/d . . .	438	7	—
		£531	10	—			£531	10	—
Year 4	To Balance b/d . . .	438	7	—	Year 4	By Depreciation . . .	83	16	8
	„ Wagon Account . .	200	—	—		„ Balance c/d . . .	554	10	4
		£638	7	—			£638	7	—
Year 5	To Balance b/d . . .	554	10	4	Year 5	By Depreciation . . .	75	9	1
	„ Wagon Account . .	200	—	—		„ Balance c/d . . .	679	1	3
		£754	10	4			£754	10	4

## EXERCISE XIX—No. 3 (contd.).

Dr. WAGON HIRE ACCOUNT				Dr. WAGON CO.			
		£	s. d.			£	s. d.
Year 1	To Wagon Co. . . .	£50	— —	Year 1	To Cash . . . .	£400	— —
Year 2	To Wagon Co. . . .	£40	— —	Year 2	To Cash . . . .	£240	— —
Year 3	To Wagon Co. . . .	£30	— —	Year 3	To Cash . . . .	£230	— —
Year 4	To Wagon Co. . . .	£20	— —	Year 4	To Cash . . . .	£220	— —
Year 5	To Wagon Co. . . .	£10	— —	Year 5	To Cash . . . .	£210	— —
	(A)				(B)		

(A) Cr. side of account each year would be closed by "Profit and Loss Account."

(B) Cr. side of account each year would be stated "By Sundries."

## EXERCISE XIX—No. 4.

Dr. HIRE-PURCHASE ACCOUNT				Cr.			
		£	s. d.			£	s. d.
19..				19..			
Jan. 1	To Sales (at cost) . .	1	17 6	Jan.-Dec.	By Cash . . . .		18 4
Dec. 31	" Balance—Current year's profit . .		5 10		i.e. (4 quarterly instalments of 4/7 each)		
				Dec. 31	" Stock (at cost). in hands of customr i.e. $\frac{2}{3}$ of £1/17/6	1	5 —
		£2	3 4			£2	3 4

## EXERCISE XIX—No. 5.

Dr. INSTALMENTS ON WAGONS ON HIRE-PURCHASE ACCOUNT				Cr. COLLIERY CO.'S LEDGER			
		£	s. d.			£	s. d.
Year 1	To Wagon Co. . . .	£391	15 3	Year 1	By Depreciation . . .	£216	9 6
					" Balance c/d . . .	175	5 9
		£391	15 3			£391	15 3
Year 2	To Balance b/d . . .	175	5 9	Year 2	By Depreciation . . .	194	16 6
	" Wagon Co. . . .	411	7 —		" Balance c/d . . .	391	16 3
		£586	12 9			£586	12 9
Year 3	To Balance b/d . . .	391	16 3	Year 3	By Depreciation . . .	175	6 11
	" Wagon Co. . . .	431	18 4		" Balance c/d . . .	648	7 8
		£823	14 7			£823	14 7
Year 4	To Balance b/d . . .	648	7 8	Year 4	By Depreciation . . .	157	16 2
	" Wagon Co. . . .	453	10 4		" Balance c/d . . .	944	1 10
		£1,101	18 —			£1,101	18 —
Year 5	To Balance b/d . . .	944	1 10	Year 5	By Depreciation . . .	142	— 7
	" Wagon Co. . . .	476	3 10		" Balance c/d . . .	1,278	5 1
		£1,420	5 8			£1,420	5 8
Year 6	To Balance b/d . . .	1,278	5 1				

## EXERCISE XIX—No. 5 (contd.).

Dr.						WAGON ACCOUNT						Cr.					
		£	s.	d.				£	s.	d.				£	s.	d.	
Year 1	To Cash . . . . .	2,164	14	9		Year 1	By Depreciation . . .	216	9	6							
							" Balance c/d . . .	1,948	5	3							
		<u>£2,164</u>	<u>14</u>	<u>9</u>				<u>£2,164</u>	<u>14</u>	<u>9</u>							
Year 2	To Balance b/d . . .	1,948	5	3		Year 2	By Depreciation . . .	194	16	6							
							" Balance c/d . . .	1,753	8	9							
		<u>£1,948</u>	<u>5</u>	<u>3</u>				<u>£1,948</u>	<u>5</u>	<u>3</u>							
Year 3	To Balance b/d . . .	1,753	8	9		Year 3	By Depreciation . . .	175	6	11							
							" Balance c/d . . .	1,578	1	10							
		<u>£1,753</u>	<u>8</u>	<u>9</u>				<u>£1,753</u>	<u>8</u>	<u>9</u>							
Year 4	To Balance b/d . . .	1,578	1	10		Year 4	By Depreciation . . .	157	16	2							
							" Balance c/d . . .	1,420	5	8							
		<u>£1,578</u>	<u>1</u>	<u>10</u>				<u>£1,578</u>	<u>1</u>	<u>10</u>							
Year 5	To Balance b/d . . .	1,420	5	8		Year 5	By Depreciation . . .	142	—	7							
							" Balance c/d . . .	1,278	5	1							
		<u>£1,420</u>	<u>5</u>	<u>8</u>				<u>£1,420</u>	<u>5</u>	<u>8</u>							
Year 6	To Balance b/d . . .	1,278	5	1													

<i>Dr.</i>		WAGON CO.			<i>Dr.</i>		WAGON HIRE ACCOUNT		
		<u>£</u>	<u>s.</u>	<u>d.</u>			<u>£</u>	<u>s.</u>	<u>d.</u>
Year 1	To Cash . . . . .	£500	—	—	Year 1	To Wagon Co. . . . .	£108	4	9
Year 2	To Cash . . . . .	£500	—	—	Year 2	To Wagon Co. . . . .	£88	13	—
Year 3	To Cash . . . . .	£500	—	—	Year 3	To Wagon Co. . . . .	£68	1	8
Year 4	To Cash . . . . .	£500	—	—	Year 4	To Wagon Co. . . . .	£46	9	8
Year 5	To Cash . . . . .	£500	—	—	Year 5	To Wagon Co. . . . .	£23	16	2
(A)					(B)				

(A) On the *Cr.* side of account each year would be stated "By Sundries."(B) On the *Cr.* side each year is closed by "Profit and Loss Account."

## EXERCISE XIX—No. 5 (contd.).

## SELLER'S BOOKS

<i>Dr.</i>				COLLIERY Co.				<i>Cr.</i>			
		£	s.	d.				£	s.	d.	
Year 1	To Hire Purchases Sales Account . . . . .	2,164	14	9	Year 1	By Cash . . . . .		500	—	—	
	„ Interest . . . . .	108	4	9		„ Balance c/d . . . . .		1,772	19	6	
		£2,272	19	6				£2,272	19	6	
Year 2	To Balance b/d . . . . .	1,772	19	6	Year 2	By Cash . . . . .		500	—	—	
	„ Interest . . . . .	88	13	—		„ Balance c/d . . . . .		1,361	12	6	
		£1,861	12	6				£1,861	12	6	
Year 3	To Balance b/d . . . . .	1,361	12	6	Year 3	By Cash . . . . .		500	—	—	
	„ Interest . . . . .	68	1	8		„ Balance c/d . . . . .		929	14	2	
		£1,429	14	2				£1,429	14	2	
Year 4	To Balance b/d . . . . .	929	14	2	Year 4	By Cash . . . . .		500	—	—	
	„ Interest . . . . .	46	9	9		„ Balance c/d . . . . .		476	3	11	
		£976	3	11				£976	3	11	
Year 5	To Balance b/d . . . . .	476	3	11	Year 5	By Cash . . . . .		500	—	—	
	„ Interest . . . . .	23	16	1							
		£500	—	—				£500	—	—	

<i>Dr.</i>				HIRE-PURCHASE INTEREST ACCOUNT				<i>Cr.</i>			
		£	s.	d.				£	s.	d.	
Year 1	To Profit and Loss . . . . .	£108	4	9	Year 1	By Colliery Co. . . . .		£108	4	9	
Year 2	To Profit and Loss . . . . .	£88	13	—	Year 2	By Colliery Co. . . . .		£88	13	—	
Year 3	To Profit and Loss . . . . .	£68	1	8	Year 3	By Colliery Co. . . . .		£68	1	8	
Year 4	To Profit and Loss . . . . .	£46	9	9	Year 4	By Colliery Co. . . . .		£46	9	9	
Year 5	To Profit and Loss . . . . .	£23	16	2	Year 5	By Colliery Co. . . . .		£23	16	2	

## EXERCISE XIX—No. 6.

## JOURNAL OF BUYER

		£	s.	d.		£	s.	d.
Year 1	Wagon Account. . . . . <i>Dr.</i>	2,164	14	10				
	Interest Suspense Account . . . . . „	335	5	2				
	To Wagon Co. . . . .					2,500	—	—
	For wagons purchased on instalment payment plan.							







EXERCISE XIX—No. 6 (*contd.*).

Dr.		INTEREST SUSPENSE ACCOUNT				Cr.		
		£	s.	d.		£	s.	d.
Year 1	To Profit and Loss . . . . . (5%, £2,164/14/10)	108	4	9	Year 1	By Colliery Co. . . . .	335	5 2
	„ Balance c/d . . . . .	227	—	5				
		£335	5	2			£335	5 2
Year 2	To Profit and Loss . . . . . (5%, £1,772/19/7)	88	12	11	Year 2	By Balance b/d . . . . .	227	— 5
	„ Balance c/d . . . . .	138	7	6				
		£227	—	5			£227	— 5
Year 3	To Profit and Loss . . . . . (5%, £1,361/12/6)	68	1	8	Year 3	By Balance b/d . . . . .	138	7 6
	„ Balance c/d . . . . .	70	5	10				
		£138	7	6			£138	7 6
Year 4	To Profit and Loss . . . . . (5%, £929/14/2)	46	9	8	Year 4	By Balance b/d . . . . .	70	5 10
	„ Balance c/d . . . . .	23	16	2				
		£70	5	10			£70	5 10
Year 5	To Profit and Loss . . . . . (5%, £476/3/10)	23	16	2	Year 5	By Balance b/d . . . . .	23	16 2

## EXERCISE XIX—No. 7.

See *Advanced Accounts*, pages 905–907 (inclusive) under FIRST METHOD.

## EXERCISE XIX—No. 8.

## JOURNAL OF JAS. FINCHAM

		£	s.	d.	£	s.	d.
Year 1	Royalties . . . . .	500	—	—			
	30,000 tons @ 4d. per ton.						
	Redeemable Dead Rent . . . . .	500	—	—			
	To Landlord. . . . .				1,000	—	—
Year 2	Royalties . . . . .	666	13	4			
	40,000 tons @ 4d. per ton.						
	Redeemable Dead Rent . . . . .	333	6	8			
	To Landlord. . . . .				1,000	—	—
Year 3	Royalties . . . . .	1,166	13	4			
	70,000 tons @ 4d. per ton.						
	To Landlord. . . . .				1,000	—	—
	„ Redeemable Dead Rent . . . . .				166	13	4
		£3,166	13	4	£3,166	13	4

EXERCISE XIX—No. 8 (*contd.*).

## JAS. FINCHAM'S LEDGER

<i>Dr.</i>				LANDLORD				<i>Cr.</i>			
Year 1	To Cash. . . . .	£	s.	d.	Year 1	By Royalties . . .	£	s.	d.		
		1,000	—	—			500	—	—		
		£1,000	—	—			500	—	—		
Year 2	To Cash. . . . .	1,000	—	—	Year 2	By Royalties . . .	£1,000	—	—		
		£1,000	—	—			666	13	4		
		£1,000	—	—			333	6	8		
Year 3	To Cash. . . . .	1,000	—	—	Year 3	By Royalties . . .	£1,000	—	—		
		£1,000	—	—			1,000	—	—		
		£1,000	—	—			1,000	—	—		

<i>Dr.</i>				ROYALTIES ACCOUNT				<i>Cr.</i>			
Year 1	To Landlord . . . .	£	s.	d.	Year 1	By Trading A/c. . .	£	s.	d.		
		500	—	—			500	—	—		
		666	13	4			666	13	4		
Year 2	To Landlord . . . .	666	13	4	Year 2	By Trading A/c. . .	666	13	4		
		1,000	—	—			1,166	13	4		
		166	13	4			£1,166	13	4		
Year 3	To Landlord . . . .	£1,166	13	4	Year 3	By Trading A/c. . .	£1,166	13	4		
		166	13	4			1,166	13	4		
		£1,166	13	4			£1,166	13	4		

<i>Dr.</i>				REDEEMABLE DEAD RENT				<i>Cr.</i>			
Year 1	To Landlord . . . .	£	s.	d.	Year 3	By Royalties . . .	£	s.	d.		
		500	—	—			166	13	4		
		333	6	8			666	13	4		
" 2	" Landlord . . . .	£833	6	8	" 3	" Balance c/d . .	£833	6	8		
		666	13	4			666	13	4		
		666	13	4			666	13	4		
Year 3	To Balance b/d . . .	666	13	4	Year 3	By Royalties . . .	£833	6	8		
		666	13	4			666	13	4		
		666	13	4			666	13	4		

## EXERCISE XIX—No. 9.

## JOURNAL OF COLLIERY CO.

<i>Dr.</i>								<i>Cr.</i>			
Year 1	Royalties . . . . .	£	s.	d.	Year 1	Royalties . . . . .	£	s.	d.		
		100	—	—			100	—	—		
		4,000 tons @ 6d. per ton.	400	—			400	—	—		
Year 2	Redeemable Dead Rent . . . .	400	—	—	Year 2	Redeemable Dead Rent . . . .	400	—	—		
		500	—	—			500	—	—		
		500	—	—			500	—	—		
Year 3	To Landlord . . . . .	500	—	—	Year 3	To Landlord . . . . .	500	—	—		
		200	—	—			200	—	—		
		200	—	—			200	—	—		
Year 3	" Redeemable Dead Rent . . .	£1,700	—	—	Year 3	" Redeemable Dead Rent . . .	£1,700	—	—		
		£1,700	—	—			£1,700	—	—		
		£1,700	—	—			£1,700	—	—		

EXERCISE XIX—No. 9 (*contd.*).

Dr.		ROYALTIES ACCOUNT				Cr.		
		£	s.	d.		£	s.	d.
Year 1	To Landlord. . . .	100	—	—	Year 1	By Trading A/c . . .	100	—
Year 2	To Landlord . . . .	400	—	—	Year 2	By Trading A/c . . .	400	—
Year 3	To Landlord . . . .	500	—	—	Year 3	By Trading A/c . . .	700	—
	„ R.D. Rent . . . .	200	—	—				
		£700	—	—			£700	—

<i>Dr.</i>		LANDLORD				<i>Cr.</i>			
		£	s.	d.			£	s.	d.
Year 1	To Cash . . . . .	500	—	—	Year 1	By Royalties . . . .	100	—	—
						„ R.D. Rent . . . .	400	—	—
		£500	—	—			£500	—	—
Year 2	To Cash . . . . .	500	—	—	Year 2	By Royalties . . . .	400	—	—
						„ R.D. Rent . . . .	100	—	—
		£500	—	—			£500	—	—
Year 3	To Balance c/d . . . .	500	—	—	Year 3	By Royalties . . . .	500	—	—
					Year 3	By Balance b/d . . . .	500	—	—

<i>Dr.</i>		REDEEMABLE DEAD RENT				<i>Cr.</i>		
		£	s.	d.		£	s.	d.
Year 1	To Landlord . . . .	400	—	—	Year 1	By Balance c/d . . . .	400	—
Year 2	To Balance b/d . . . .	400	—	—	Year 2	By Balance c/d . . . .	500	—
	„ Landlord . . . .	100	—	—				
		£500	—	—			£500	—
Year 3	To Balance b/d . . . .	500	—	—	Year 3	By Royalties . . . .	200	—
						„ Profit and Loss . . . .	300	—
		£500	—	—			£500	—

## EXERCISE XIX—No. 10.

<i>Dr.</i>		ROYALTIES ACCOUNT				<i>Cr.</i>			
		£	s.	d.			£	s.	d.
Year 1	To Lord of the Manor .	1,000	—	—	Year 1	By Trading A/c . . .	1,000	—	—
Year 2	To Lord of the Manor .	1,100	—	—	Year 2	By Trading A/c . . .	1,100	—	—
Year 3	To Lord of the Manor .	1,200	—	—	Year 3	By Trading A/c . . .	1,300	—	—
	.. Overpaid Royalties	100	—	—					
		£1,300	—	—			£1,300	—	—
Year 4	To Lord of the Manor .	1,200	—	—	Year 4	By Trading A/c . . .	1,250	—	—
	„ Overpaid Royalties .	50	—	—					
		£1,250	—	—			£1,250	—	—

EXERCISE XIX—No. 10 (*contd.*).

Dr.		LORD OF THE MANOR				Cr.		
		£	s.	d.		£	s.	d.
Year 1	To Cash . . . . .	1,200	—	—	Year 1	By Royalties . . . . .	1,000	—
						„ Overpaid Royalties . . . . .	200	—
		£1,200	—	—			£1,200	—
Year 2	To Cash . . . . .	1,200	—	—	Year 2	By Royalties . . . . .	1,100	—
						„ Overpaid Royalties . . . . .	100	—
		£1,200	—	—			£1,200	—
Year 3	To Cash . . . . .	£1,200	—	—	Year 3	By Royalties . . . . .	£1,200	—
Year 4	To Cash . . . . .	£1,200	—	—	Year 4	By Royalties . . . . .	£1,200	—

<i>Dr.</i>					OVERPAID ROYALTIES					<i>Cr.</i>				
		£	s.	d.			£	s.	d.					
Year 1	To Lord of the Manor . . . . .	200	—	—	Year 1	By Balance c/d . . . . .	200	—	—					
Year 2	To Balance b/d . . . . .	200	—	—	Year 2	By Balance c/d . . . . .	300	—	—					
	„ Lord of the Manor . . . . .	100	—	—										
		£300	—	—			£300	—	—					
Year 3	To Balance b/d . . . . .	300	—	—	Year 3	By Royalties . . . . .	100	—	—					
						„ Balance c/d . . . . .	200	—	—					
		£300	—	—			£300	—	—					
Year 4	To Balance b/d . . . . .	200	—	—	Year 4	By Royalties . . . . .	50	—	—					
						„ Balance c/d . . . . .	150	—	—					
		£200	—	—			£200	—	—					
Year 5	To Balance b/d . . . . .	150	—	—										

The balance of "Overpaid Royalties" would appear as an Asset in the Balance Sheet.

## EXERCISE XIX—No. 11.

## JOURNAL OF COAL MINE CO., LTD.

		£	s.	d.	£	s.	d.
Year 1							
Mar. 25	Ground Rent . . . . .	25	—	—			
	Royalties . . . . .	40	—	—			
	To G. Risch . . . . .				65	—	—
Sept. 29	Ground Rent . . . . .	25	—	—			
	Royalties . . . . .	22	10	—			
	Redeemable Dead Rent . . . . .	17	10	—			
	To G. Risch . . . . .				65	—	—
		£130	—	—	£130	—	—

EXERCISE XIX—No. 11 (*contd.*).JOURNAL OF COAL MINE CO., LTD.—(*contd.*).

Year 2		£	s.	d.	£	s.	d.
Mar. 25	Ground Rent . . . . .	25	—	—			
	Royalties . . . . .	40	—	—			
	To G. Risch . . . . .				65	—	—
Sept. 29	Ground Rent . . . . .	25	—	—			
	Royalties . . . . .	42	10	—			
	To G. Risch . . . . .				67	10	—
„ 29	Royalties . . . . .	17	10	—			
	To Redeemable Dead Rent . . . . .				17	10	—
		£150	—	—	£150	—	—

## LEDGER OF THE COAL MINE CO., LTD.

Dr.		G. Risch				Cr.		
Year 1		£	s.	d.	Year 1	£	s.	d.
Apr. 15	To Cash . . . . .	65	—	—	Mar. 25	By Ground Rent . . .	25	—
Oct. 20	„ Cash . . . . .	65	—	—	„ 25	„ Royalties . . . . .	40	—
					Sept. 29	„ Ground Rent . . .	25	—
					„ 29	„ Royalties . . . . .	22	10
					„ 29	„ R.D. Rent . . . . .	17	10
		£130	—	—			£130	—
Year 2					Year 2			
Apr. 15	To Cash . . . . .	65	—	—	Mar. 25	By Ground Rent . . .	25	—
Oct. 20	„ Cash . . . . .	67	10	—	„ 25	„ Royalties . . . . .	40	—
					Sept. 29	„ Ground Rent . . .	25	—
					„ 29	„ Royalties . . . . .	42	10
		£132	10	—			£132	10

Dr.		ROYALTIES ACCOUNT				Cr.		
Year 1		£	s.	d.	Year 1	£	s.	d.
Apr. 25	To G. Risch . . . . .	40	—	—	Sept. 29	By Trading A/c . . . . .	62	10
Sept. 29	„ G. Risch . . . . .	22	10	—				
		£62	10	—			£62	10
Year 2					Year 2			
Mar. 25	To G. Risch . . . . .	40	—	—	Sept. 29	By Trading A/c . . . . .	100	—
Sept. 29	„ G. Risch . . . . .	42	10	—				
„ 29	„ R.D. Rent . . . . .	17	10	—				
		£100	—	—			£100	—

Dr.		GROUND RENT				Cr.		
Year 1		£	s.	d.	Year 1	£	s.	d.
Mar. 25	To G. Risch . . . . .	25	—	—	Sept. 29	By Profit and Loss A/c .	50	—
Sept. 29	„ G. Risch . . . . .	25	—	—				
		£50	—	—			£50	—
Year 2					Year 2			
Mar. 25	To G. Risch . . . . .	25	—	—	Sept. 29	By Profit and Loss A/c .	50	—
Sept. 29	„ G. Risch . . . . .	25	—	—				
		£50	—	—			£50	—

EXERCISE XIX—No. 11 (*contd.*).

<i>Dr.</i>		REDEEMABLE DEAD RENT				<i>Cr.</i>	
Year 1 Sept.29	To G. Risch . . . .	£	s.	d.	Year 1 Sept.29	By Balance c/d . . .	£ s. d.
		17	10	—			17 10 —
Year 2 Sept.29	To Balance b/d . . .	17	10	—	Year 2 Sept.29	By Royalties . . . .	17 10 —

<i>Dr.</i>		CASH ACCOUNT				<i>Cr.</i>	
				Year 1 Apr. 15 Sept.29	By G. Risch . . . . „ G. Risch . . . .	£ s. d.	
						65 — —	
						65 — —	
						£130 — —	
				Year 2 Apr. 15 Sept.29	By G. Risch . . . . „ G. Risch . . . .	65 — — 67 10 —	
						£132 10 —	

## EXERCISE XIX—No. 12.

(a) *A Reconciliation Statement* is prepared by a cashier in order to explain the difference between the BANK PASS BOOK balance and his own BANK balance in the firm's Cash Book.

(b) *A Lease Redemption Account* is represented by the TOTAL amounts of equal annual instalments charged against profits to write off the existing Lease at its expiry. Compound interest on yearly balances is added.

(c) *Deferred Shares* are the class of shares which are considered for dividends after all other classes of shares have participated. Such shares are usually taken up by promoters of the company, sometimes by the vendors.

(d) *A Rebate Account* is an account raised by bankers in connection with DISCOUNT on discounted bills not matured.

## EXERCISE XIX—No. 13.

Work in Progress should be valued at the precise amount represented by—

- Materials used.
- Wages paid.
- Estimated loss on Plant used.
- A proportion of profit on the basis of estimated cost against the contract price.

For example—

Contract Price.	.	.	.	.	.	£	20,000
Estimated Cost (for Contract completed)	.	.	.	.	.	15,000	
PROFIT	.	.	.	.	.	£5,000	

Hence, if half of the expenditure on contract has been incurred, then credit for £2,500 may be taken. It would be wiser to be very conservative on this matter and take credit, say, for £2,000 only.

Work in Progress would appear as an asset in the Balance Sheet.

**EXERCISE XIX—No. 14.**

A *Cost Account* is an account explanatory of the TOTAL expenditure on materials, labour, and organization incurred in arriving at a given result, such as building a house (contracts), making iron bars or steel plates (manufacturing), output of coal (mining), etc. The account is prepared from various sources of information, and requires great skill on the part of a qualified person to deduce from the expenditure of a business (apart from direct expenditure) the due elements of expenditure of administration, etc., that can be fairly charged in the cost account. The specimens of Cost Sheets in Chapter XIX of *Advanced Accounts* are suitable examples of such accounts.

*Note.*—The student must NOT exceed the requirements of the question; the examples given are suggested to assist examinees, and are more comprehensive than is asked of the candidate.

**EXERCISE XIX—No. 15.**

It is incorrect for the book-keeper to the Whirlwind Automobile Co., Ltd., to charge as SALES to customers the 10 cars that were sent to prospective buyers. The matter must be adjusted by the following Journal entries—

Sales Account	.	.	.	Dr.	£5,750	
To Sale or Return Account				Cr.		£5,750
Suspense Account	.	.	.	Dr.	£5,750	
To Sundry Debtors				Cr.		£5,750

The item "Sale or Return Account" would be shown on the CREDIT side of the Trading Account (being equivalent to Stock in hand at close).

The item "Suspense Account" would appear as an asset in the Balance Sheet.

# EXERCISE XIX—No. 16.

The Profit and Loss Account is not properly drawn up. The correct form is as below—

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..										Cr.
Dr.						£	s.	d.		£
To Stock, 1st Jan. . . . .	.	.	.	.	.	17,400	—	—	By Sales . . . . .	59,940
" Purchases . . . . .	.	.	.	.	.	42,600	—	—	Less Returns Inwards . . . . .	362
" Manufacturing Wages . . . . .	.	.	.	.	.	3,280	—	—		
" Balance, Gross Profit c/d . . . . .	.	.	.	.	.	14,498	—	—	" Stock, 31st Dec. . . . .	
						£ 77,778	—	—		
To Trade Expenses . . . . .	.	.	.	.	.	1,200	—	—	By Trading Account . . . . .	14,498
" Salaries . . . . .	.	.	.	.	.	820	—	—	" Interest on Investments . . . . .	3,400
" Discounts . . . . .	.	.	.	.	.	421	—	—		
" Directors' Fees . . . . .	.	.	.	.	.	1,000	—	—		
" Loss on Sale of Investments . . . . .	.	.	.	.	.	900	—	—		
" Depreciation . . . . .	.	.	.	.	.	1,401	—	—		
" Balance, Net Profit c/d . . . . .	.	.	.	.	.	12,156	—	—		
						£ 17,898	—	—		£ 17,898
Dr.										Cr.
APPROPRIATION ACCOUNT										Cr.
Dr.						£	s.	d.		£
To Dividends Paid. . . . .	.	.	.	.	.	3,842	—	—	By Balance, 1st Jan. . . . .	4,321
" Dividend (5% for year) . . . . .	.	.	.	.	.	6,200	—	—	" Current Year's Profit . . . . .	12,156
" Reserve Account . . . . .	.	.	.	.	.	4,000	—	—		
" Balance to Balance Sheet . . . . .	.	.	.	.	.	2,435	—	—		
						£ 16,477	—	—		£ 16,477

Notes.—(1) "Errors in Books" is an account that should never be raised. Errors ought always to be rectified.  
 (2) "Unclaimed Dividends" would appear as a liability in the Balance Sheet.



## EXERCISE XIX—No. 17.

## JOURNAL

		£	s.	d.	£	s.	d.
(1)	Appropriation Account . . . . .	5,000	-	-			
	To Reserve Fund . . . . .				5,000	-	-
	Transfer of amount to raise a Reserve Fund.						
(2)	Cost of Issue of Debentures W/o . . . . .	93	15	-			
	To Cost of Issue of Debentures				93	15	-
	For $\frac{1}{8}$ of £750 W/o for proportion of period covered by debentures.						
(3)	Appropriation Account . . . . .	3,500	-	-			
	To Marine Insurance Fund . . . . .				3,500	-	-
	Transfer of £3,500 to Marine Insurance Fund.						
(4)	Debenture Discount Account . . . . .	500	-	-			
	Debenture-holders . . . . .	9,500	-	-			
	To Debentures . . . . .				10,000	-	-
	For issue of £10,000 Debentures @ 95%, repayable at par 10 years hence.						
(5)	Debenture Discount W/o . . . . .	50	-	-			
	To Debenture Discount . . . . .				50	-	-
	For $\frac{1}{10}$ of £500 W/o equal to period expired of life of debentures.						
		£ 18,643	15	-	18,643	15	-

## CASH BOOK

(DEBIT SIDE)

		Bank.		
		£	s.	d.
19..	To Debenture-holders . . . . .	9,500	-	-

*Dr.* BRANCH PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 19.. *Cr.*

	Alm. Road.	Beech Road.	Total.	Alm. Road.	Beech Road.	Total.
To Stock, 1st Jan.	£ 550	£ 840	£ 1,390	£ 7,000	£ 6,470	£ 13,470
„ Debtors, 1st Jan.	215	107	322	—	—	—
„ Purchases from Head Office	9,170	5,050	14,220	5	10	15
„ Rent	220	300	520	430	901	1,331
„ Wages	515	403	918	195	93	288
„ Net Profit	—	774	774	3,040	—	3,040
£	10,670	7,474	18,144	10,670	7,474	18,144

EXERCISE XIX—No. 19.

THE PATENT RICE FOOD CO., LTD.

<i>Dr.</i>	<i>TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..</i>						<i>Cr.</i>
	<i>£</i>	<i>s.</i>	<i>d.</i>	<i>£</i>	<i>s.</i>	<i>d.</i>	
To Purchases . . . . .	-	-	-	5,816	-	-	
" " Carriage Inwards . . . . .	977	-	-	-	-	-	
" " Less Transfer to Machinery Account . . . . .	236	-	-	-	-	-	
" Wages . . . . .	2,299	-	-	741	-	-	
" " Less Transfer to Machinery Account . . . . .	93	-	-	-	-	-	
Electrical Power . . . . .	-	-	-	2,206	-	-	
" Rent (Factory), 1 yr. due . . . . .	-	-	-	181	-	-	
" Balance, Gross Profit c/d . . . . .	-	-	-	2,832	-	-	
				<i>£</i> 11,818	-	-	
To Rent, Rates, Lighting, and Insurance . . . . .	-	-	-	247	-	-	
" Advertising (£ of £1,668 W/o) . . . . .	-	-	-	556	-	-	
" Office Salaries . . . . .	-	-	-	472	-	-	
" Stationery and Office Expenses . . . . .	-	-	-	77	-	-	
" Travellers' Salaries and Expenses (£ of £1,166)	-	-	-	583	-	-	
" Interest on Bank Loans . . . . .	-	-	-	65	-	-	
" Depreciation— Plant (5% of £8,451) Balance, Net Profit c/d . . . . .	-	-	-	422 11 522 9	-	-	
				<i>£</i> 2,945	-	-	

[illegible]

THE PATENT RICE FOOD CO., LTD.  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

745

## EXERCISE XIX—No. 20.

MANUFACTURING AND PROFIT AND LOSS ACCOUNTS OF  
THE STREAMLINE ENGINEERING CO., LTD., FOR THE  
YEAR ENDED 31ST DECEMBER, 1937

	£	s.	d.		£	s.	d.
To Stock, 1st January, 1937 . . . . .	8,297	-	-	By Sales . . . . .	123,559	-	-
„ Purchases . . . . .	32,876	-	-	„ Stock, 31st December, 1937 . . . . .	9,502	-	-
„ Royalties . . . . .	3,190	-	-				
„ Wages and National Insurance . . . . .	49,713	-	-				
„ Power and Light . . . . .	2,739	-	-				
„ Repairs to Machinery . . . . .	1,432	-	-				
„ Salaries . . . . .	4,875	-	-				
„ Rent and Rates . . . . .	3,729	-	-				
„ Depreciation of Machinery . . . . .	1,983	-	-				
„ Depreciation of Loose Tools . . . . .	154	-	-				
„ Gross Profit carried to Section II . . . . .	24,073	-	-				
	<u>£133,061</u>	-	-		<u>£133,061</u>	-	-
To Carriage Outwards . . . . .	1,649	-	-	By Gross Profit brought from Section I . . . . .	24,073	-	-
„ Salaries . . . . .	3,250	-	-	„ Apprentices' Premiums . . . . .	163	-	-
„ Advertising . . . . .	1,937	-	-				
„ Selling Expenses . . . . .	4,109	-	-				
„ Bad Debts . . . . .	251	-	-				
„ Rent and Rates . . . . .	627	-	-				
„ Discounts . . . . .	2,625	-	-				
„ Printing and Stationery . . . . .	491	-	-				
„ Office Expenses . . . . .	973	-	-				
„ Net Trading Profit carried to Section III . . . . .	8,324	-	-				
	<u>£24,236</u>	-	-		<u>£24,236</u>	-	-
To Balance of loss brought forward from last year . . . . .	1,187	-	-	By Net Trading Profit brought from Section II . . . . .	8,324	-	-
„ Interim Dividend . . . . .	1,750	-	-	„ Dividends Received . . . . .	276	-	-
„ Balance carried forward . . . . .	5,663	-	-				
	<u>£8,600</u>	-	-		<u>£8,600</u>	-	-

BALANCE SHEET OF THE STREAMLINE ENGINEERING CO., LTD., AS AT 31ST DECEMBER, 1937

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EXERCISE XIX—No. 21.

TRADING AND PROFIT AND LOSS ACCOUNTS OF A MANUFACTURER FOR THE YEARS ENDED 30TH SEPTEMBER, 1934 AND 1935

	1934		1935		1934		1935	
	%	£	%	£	%	£	%	£
To Stocks at beginning of years (presumably materials) . . . . .		2,189		2,876		2,876		25,903
" Purchases of Materials . . . . .		5,823		6,494		6,494		1,903
		8,012		9,370		9,370		24,000
		2,876		1,582		1,582		
Less Stocks at end of years . . . . .								
Materials consumed . . . . .	25.68	5,136	31.20	7,488				
" Wages—								
Productive . . . . .	25.32	5,064	28.20	6,768				
Non-productive . . . . .	3.10	620	4.10	984				
" Works Expenses . . . . .	15.88	3,176	14.40	3,456				
" Total Production Cost . . . . .	69.98	13,996	77.90	18,696				
" Gross Profits carried down . . . . .	30.02	6,004	22.10	5,304				
	100.00	£20,000	100.00	£24,000		£20,000		£24,000
To Office Expenses . . . . .	1.85	370	1.75	420				
" Salaries . . . . .	7.80	1,560	6.60	1,584				
" Selling Expenses . . . . .	8.60	1,720	11.40	2,784	30.02	6,004	22.10	5,304
" Discounts Allowed . . . . .	2.10	420	2.05	492	0.90	180	0.15	36
" Total Distribution and Other Cost . . . . .	20.35	4,070	22.00	5,280				
" Net Profits . . . . .	10.57	2,114	0.25	60				
	30.92	£6,184	22.25	£5,340	30.92	£6,184	22.25	£5,340

By Sales . . . . .  
Less Returns . . . . .

By Gross Profit brought down . . . . .  
" Discount Received . . . . .

The cost of production in 1935 compared with sales has increased on every item entering into it except works expenses. This may be the result of an effort to secure increased sales by decreasing the selling price or may have been caused by competition compelling the lowering of prices. As the selling expenses percentage has increased the latter is probably the reason. If the former is the actual reason it would appear to be a wrong policy.

**EXERCISE XIX—No. 22.**

The Profit and Loss Account and Balance Sheet figures should be converted at a flat rate of exchange. When this has been done a tabular Profit and Loss Account can be prepared containing columns for Britain, New York, and total, and a combined Balance Sheet constructed, omitting the Branch Account and Head Office Account appearing in the separate Balance Sheets of the Head Office and the branch respectively.

The accounts may be incorporated in the English books by means of the following Journal entries—

**JOURNAL**

	£	s.	d.	£	s.	d.
Branch Trading Account . . . . .	£	s.	d.	£	s.	d.
To Branch Account . . . . .						
Commencing Stock           £. . . . .						
Purchases               £. . . . .						
Carriage Inwards       £. . . . .						
balances transferred.						
Branch Account . . . . .						
To Branch Trading Account . . . . .						
Sales                   £. . . . .						
Ending Stock           £. . . . .						
balances transferred.						
Branch Trading Account . . . . .						
To Branch Profit and Loss Account . . . . .						
gross profit transferred.						
Branch Account . . . . .						
To Branch Profit and Loss Account . . . . .						
Discounts on Purchases £. . . . .						
balance transferred.						
Branch Profit and Loss Account . . . . .						
To Branch Account . . . . .						
Wages                   £. . . . .						
Rent and Rates          £. . . . .						
Discounts on Sales       £. . . . .						
Bad Debts               £. . . . .						
Sundry Expenses         £. . . . .						
balances transferred.						
Branch Profit and Loss Account . . . . .						
To Head Office Profit and Loss Account . . . . .						
net profit of branch transferred.						



**EXERCISE XIX—No. 23.**

(a) Write off an appropriate amount for the year, and treat the remainder as an asset.

(b) Treat as a reserve in the Balance Sheet on the liabilities side.

(c) If thought fit, note on the Balance Sheet as a contingent liability, but the amount should not be incorporated as an actual liability in the effective figures for agreeing the Balance Sheet.

(d) Deduct the reserves from debtors and creditors respectively in the Balance Sheet, debiting and crediting the Profit and Loss Account along with the actual discounts, subject, of course, to taking into account any reserves existing at the beginning of the year.

(e) A profit on sale of old business premises may be treated as a reserve in the Balance Sheet, or taken as a profit in the Profit and Loss Account, as it is possible the premises have been over-depreciated in the past, and crediting Profit and Loss Account would be correcting such excessive depreciation. The former method, however, is probably to be preferred.

(f) The same method of placing to reserve as in (e) might be adopted.

(g) Place the profit to reserve, and include in the Balance Sheet on the liabilities side.

**EXERCISE XIX—No. 24.**

See text-book, Chapter XVIII.

**EXERCISE XIX.—No. 25.**

See text-book, Chapter XVII.

EXERCISE XIX—No. 26.

TRADING AND PROFIT AND LOSS ACCOUNTS OF BROWN, JONES, AND SMITH FOR THE YEAR ENDED  
31ST MARCH, 1937

	Brighton		London		Total		Brighton		London		Total	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
To Stock, 1st April, 1936 . . . . .					7,390				92,064		111,392	
" Purchases . . . . .	16,785		75,275		92,060		19,398		9,041		11,403	
" Gross Profit carried to Section II . . . . .	4,905		18,440		23,345		2,362					
	£21,690		£101,105		£122,795		£21,690		£101,105		£122,795	
To General Salaries and Wages . . . . .	1,830		6,195		8,025							
" Manager's Salary . . . . .	400				400							
" Rent . . . . .	400		2,200		2,600		4,905		18,440		23,345	
" Trade and Office Expense . . . . .	917		3,664		4,581		38		204		242	
" Insurance . . . . .	32		160		192							
" Travelling Expenses . . . . .	29		145		174							
" Bad Debts . . . . .	92		391		483							
" Depreciation of Motor Vans . . . . .	550		1,250		1,800							
" Depreciation of Furniture and Equipment . . . . .	85		370		455							
" Interest Charge in respect of Capital employed . . . . .	354				354							
" Manager's Commission . . . . .	127				127							
" Net Trading Profit carried to Section III . . . . .	127		4,269		4,396							
	£4,943		£18,644		£23,587		£4,943		£18,644		£23,587	
To Interest on Capital—												
Brown . . . . .			780									
Jones . . . . .			460						4,269			
Smith . . . . .			110						127			
" Net Profit—					1,350						4,996	
Brown . . . . .			1,938								354	
Jones . . . . .			1,292									
Smith . . . . .			170									
					3,400							
					£4,750						£4,750	



## EXERCISE XIX—No. 27.

<i>Dr.</i>		SHARPE CAPITAL ACCOUNT				<i>Cr.</i>		
		£	s.	d.		£	s.	d.
To Shares . . . . .		50	—	—	By Bank . . . . .	300	—	—
„ Bank . . . . .		584	—	—	„ Bank . . . . .	50	—	—
					„ Share of Profit . . . . .	284	—	—
		£634	—	—		£634	—	—

<i>Dr.</i>		AUSTIN CAPITAL ACCOUNT				<i>Cr.</i>			
		£	s.	d.			£	s.	d.
To Stock	.	36	—	—	By Bank	.	150	—	—
„ Bank	.	438	—	—	„ Patent Fees	.	40	—	—
					„ Share of Profit	.	284	—	—
		£474	—	—			£474	—	—

<i>Dr.</i>		BANK				<i>Cr.</i>			
		£	s.	d.			£	s.	d.
To Sharpe, Capital	. . . . .	300	—	—	By Costs of Invention	. . . . .	478	—	—
" Austin, Capital	. . . . .	150	—	—	" Sharpe—Capital Account	. . . . .	584	—	—
" Sharpe, Capital	. . . . .	50	—	—	" Austin—Capital Account	. . . . .	438	—	—
" Invention	. . . . .	1,000	—	—					
		£1,500	—	—			£1,500	—	—

<i>Dr.</i>		INVENTION ACCOUNT						<i>Cr.</i>				
		£	s.	d.	£	s.	d.			£	s.	d.
To Bank					478	—	—	By Bank		1,000	—	—
" Austin					40	—	—	" Share in Syndicate		1,000	—	—
" Loss on Shares					950	—	—	" Austin—Stock		36	—	—
" Profit—Sharpe, Capital Account	284	—	—									
" Profit—Austin, Capital Account	284	—	—									
					568	—	—					
					<u>£2,036</u>	—	—			<u>£2,036</u>	—	—

<i>Dr.</i>	SHARES IN SYNDICATE				<i>Cr.</i>		
	£	s.	d.		£	s.	d.
To Invention. . . . .	1,000	—	—	By Sharpe—Shares taken over . . . . .	50	—	—
				„ Loss on Shares . . . . .	950	—	—
	£1,000	—	—		£1,000	—	—

INCOME AND EXPENDITURE ACCOUNT OF FREEMAN, GREEN & HARDY FOR THE YEAR ENDED  
31st MAY, 1938

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EXERCISE XIX—No. 30.

J. R. GREGSON IN ACCOUNT WITH F. R. BENSON

	Due	Principal	Days	Products	Interest		Due	Principal	Days	Products	Interest
19.. 1	19.. 1	£ 250	90	22,500	£ 3 1 8		19.. 3	£ 300	28	8,400	£ 1 8 3
Jan. 21	Jan. 21	188	38	7,068	19 4	By Bills Receivable	Mar. 16	233	15	3,495	9 7
Feb. 28	Feb. 28	400	83	13,200	1 16 2	" Goods	" 31	376			
Mar. 31	May 18	72 7 9				" " Red Interest as per contra				13,200	1 15 2
	" Balance of Interest					" Balance of Products, Interest thereon				4,473	12 3
	" Balance c/d					" Balance of Interest }					
		£909		29,568	£4 1	By Balance b/d		£909		29,568	£4 1
							Apr. 1	72 7 9			



- (1) By substituting the name "Steadfast Assurance Co., Ltd.," for the name in example 5 in *Advanced Accounts*, pages 932 to 934, and introducing suitable amounts for items, an adequate answer to the question may be constructed.
- (2) The form of Accounts as prescribed by the Life Assurance Companies Act varies from that usually employed by companies registered under the Companies Act, 1929, in the following particulars—

(a) The Revenue Account displays items in the reverse order to that usually followed, i.e. Income is debited and Expenditure credited.

(b) The various "FUNDS" at the beginning and at the end of the year are the first (on the debit side) and last (on the credit side) items in the Revenue Account, following the CASH Book order of opening and closing balances.

(c) The "FUNDS" appear as Liabilities.

(d) Profit or Loss is not stated.

## REVENUE ACCOUNT OF THE HOLDFAST ASSURANCE CO.

FOR THE YEAR ENDED 31st DECEMBER, 19.., IN RESPECT OF LIFE ASSURANCE BUSINESS

[illegible]

EXERCISE XX—No. 2 (contd.).

THE HOLDFAST ASSURANCE CO.

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.				ASSETS.			
	£	s.	d.		£	s.	d.
Life Assurance Fund . . . . .	1,640,452	—	—	Mortgages in the United Kingdom	1,201,450	—	—
Claims Admitted, but not paid . . . . .	7,200	—	—	Loans on Policies . . . . .	50,060	—	—
Sundry Creditors . . . . .	3,980	—	—	<i>Investments—</i>			
				Government Stocks . . . . .	204,000	—	—
				British Railways . . . . .	138,200	—	—
				House Property . . . . .	7,500	—	—
				Agents' Balances . . . . .	12,200	—	—
				Outstanding Premiums . . . . .	9,200	—	—
				Outstanding Interest . . . . .	12,040	—	—
				Cash at Bank . . . . .	16,982	—	—
	£1,651,632	—	—		£1,651,632	—	—





## REVENUE ACCOUNT OF THE MINSTER ASSURANCE CO., LTD.

FOR THE YEAR ENDED 31ST DECEMBER, 19... IN RESPECT OF LIFE ASSURANCE BUSINESS

[illegible]

*Note.*—The amount of increase in the Assurance Fund is £657,815 and appears to be unusually large.

REVENUE ACCOUNT OF THE THAMESMOUTH LIFE ASSURANCE CO., LTD.  
FOR THE YEAR ENDED 31ST DECEMBER, 19... IN RESPECT OF LIFE ASSURANCE BUSINESS

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REVENUE ACCOUNT OF THE DEVONSHIRE LIFE ASSURANCE CO., LTD.  
FOR THE YEAR ENDED 31ST DECEMBER, 19.., IN RESPECT OF LIFE ASSURANCE BUSINESS

THE DEVONSHIRE LIFE ASSURANCE CO., LTD.  
BALANCE SHEET AS AT 31ST DECEMBER, 19..

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# EXERCISE XX—No. 7.

The Profits of a Life Assurance Co. are generally ascertained by means of the ACTUARIAL REPORT, which takes place every fifth year; which Report is an obligation upon Life Assurance Companies under Section 5 of the Assurance Companies Act, 1909. The result of the actuaries' report is embodied in a Valuation Balance Sheet, which is as under—

## VALUATION BALANCE SHEET OF THE SAFE ASSURANCE CO.

AS AT 31ST DECEMBER, 19..

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
To Net Liability under Life Assurance and Annuity Transactions . . . . .	3,780,000	—	—	By Life Assurance and Annuity Funds (as per Balance Sheet under Schedule 3)	4,321,000	—	—
(as per Summary Statement in Fourth Schedule (A))	541,000	—	—				
Surplus . . . . .							
•	£4,321,000	—	—		£4,321,000	—	—

# EXERCISE XX—No. 8.

## REVENUE ACCOUNT OF THE EAST COAST ASSURANCE CO., LTD.

FOR THE YEAR ENDED 31ST DECEMBER, 19.., IN RESPECT OF LIFE ASSURANCE BUSINESS

£	s.	d.	£	s.	d.	£	s.	d.
Amount of Life Assurance Fund, 1st Jan. . . . .			2,567,000	—	—	Claims Paid—		
Premiums Account . . . . .			620,500	—	—	On Death . . . . .	12,500	—
Consideration for Annuities Granted . . . . .			38,450	—	—	At Maturity . . . . .	27,800	—
Interest and Dividends . . . . .	64,500	—				Surrenders . . . . .		40,300
Less Income Tax paid thereon . . . . .	3,762	—				Annuities Paid . . . . .		9,462
Fines on Policies . . . . .						Bonuses Paid in Cash . . . . .		21,640
						Commission . . . . .		7,480
						Expenses of Management . . . . .		10,700
						Dividends Paid to Sharehdrs..		18,750
						Amount of Life Assurance Fund, 31st Dec.. . . . .		10,450
								3,168,026
								£3,286,808



**EXERCISE XX—No. 9.**

**REVENUE ACCOUNT OF A LIFE ASSURANCE CO.**

FOR THE YEAR ENDED 31ST DECEMBER, 19..., IN RESPECT OF LIFE ASSURANCE BUSINESS

	£	s.	d.		£	s.	d.
Amount of Life Assurance Fund, 1st Jan. . . . .	809,000	—	—	Claims Paid and Outstanding.	60,000	—	—
Premiums Account . . . . .	60,000	—	—	Surrendered Policies . . . . .	5,000	—	—
Interest, Dividends, and Rents.	30,000	—	—	Commission . . . . .	2,000	—	—
				Management Expenses . . . . .	5,000	—	—
				Depreciation of Investments . . . . .	7,000	—	—
				Amount of Life Assurance Fund, 31st Dec.. . . . .	820,000	—	—
	£899,000	—	—		£899,000	—	—

*The Life Assurance Fund has increased by £11,000, i.e. (£820,000 - £809,000.)*

**BALANCE SHEET AS AT 31ST DECEMBER, 19..**

	£	s.	d.		£	s.	d.
<b>LIABILITIES.</b>				<b>ASSETS.</b>			
Capital . . . . .	30,000	—	—	Mortgages. . . . .	90,000	—	—
Life Assurance Fund . . . . .	820,000	—	—	Loans on Life Interests, Reversions, etc.	350,000	—	—
Claims Admitted, but not paid . . . . .	11,000	—	—	Investments . . . . .	400,000	—	—
Sundry Creditors . . . . .	1,000	—	—	Outstanding Premiums . . . . .	6,000	—	—
				Outstanding Interest . . . . .	1,000	—	—
				Cash in hand and with Bankers . . . . .	15,000	—	—
	£862,000	—	—		£862,000	—	—

EXERCISE XX—No. 10.

REVENUE ACCOUNT OF A LIFE ASSURANCE SOCIETY

FOR THE YEAR ENDED 31ST DECEMBER, 19.., IN RESPECT OF LIFE ASSURANCE BUSINESS

	£	s.	d.	£	s.	d.
Amount of Assurance Fund, 1st Jan. . . . .	3,600,000	—	—	280,000	—	—
Premiums Account . . . . .	460,000	—	—	42,000	—	—
Consideration for Annuities Granted . . . . .	14,000	—	—	12,500	—	—
Interest and Rents Received. . . . .	130,000	—	—	15,000	—	—
				27,000	—	—
				37,000	—	—
				3,790,500	—	—
	£4,204,000	—	—	£4,204,000	—	—

BALANCE SHEET AS AT 31ST DECEMBER, 19..

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Assurance Fund . . . . .	3,790,500	—	—	Mortgages within the U.K. . . . .	800,000	—	—
Claims Admitted (not paid) . . . . .	14,500	—	—	Mortgages on Rates . . . . .	1,200,000	—	—
Sundry Creditors . . . . .	1,200	—	—	Loans on Co.'s Policies, etc. . . . .	280,000	—	—
Reserve Fund . . . . .	150,000	—	—	<i>Investments—</i>			
				British Govt. Securities . . . . .	190,000	—	—
				Indian & Col. Securities . . . . .	110,000	—	—
				Railway Debentures . . . . .	1,150,000	—	—
				Leasehold Ground Rents . . . . .	6,000	—	—
				Rent Charges . . . . .	36,200	—	—
				Outstanding Premiums . . . . .	1,492,200	—	—
				Outstanding Interest . . . . .	56,000	—	—
				Cash at Bank . . . . .	57,000	—	—
				Premises and Furniture . . . . .	45,000	—	—
					26,000	—	—
	£3,956,200	—	—		£3,956,200	—	—

## REVENUE ACCOUNT OF A LIFE ASSURANCE SOCIETY

FOR THE YEAR ENDED 31ST DECEMBER, 19.., IN RESPECT OF LIFE ASSURANCE BUSINESS

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## EXERCISE XX—No. 12.

<i>Dr.</i>				H. STEVENS				<i>Cr.</i>			
1932		£	s.	d.	1932		£	s.	d.		
Jan. 1	To Balance due . . .	1,000	-	-	Jan. 1	By Policy A/c . . .	1,000	-	-		

<i>Dr.</i>				POLICY ACCOUNT				<i>Cr.</i>			
1932		£	s.	d.	1932		£	s.	d.		
Jan. 1	To H. Stevens . . .	1,000	-	-	Dec. 31	By Balance c/d . . .	1,090	-	-		
Dec. 31	" Bank . . .	90	-	-	1933						
1933					Jan. 1	" Balance b/d . . .	1,090	-	-		
Jan. 1	" Balance b/d . . .	1,090	-	-	Dec. 31	" Balance c/d . . .	1,180	-	-		
Dec. 31	" Bank . . .	90	-	-	1934						
1934					Jan. 1	" Balance b/d . . .	1,180	-	-		
Jan. 1	" Balance b/d . . .	1,180	-	-	Dec. 31	" Balance c/d . . .	1,270	-	-		
Dec. 31	" Bank . . .	90	-	-	1935						
1935					Jan. 1	" Balance b/d . . .	1,270	-	-		
Jan. 1	" Balance b/d . . .	1,270	-	-	Dec. 31	" Balance c/d . . .	1,360	-	-		
Dec. 31	" Bank . . .	90	-	-	1936						
1936					Jan. 1	" Balance b/d . . .	1,360	-	-		
Jan. 1	" Balance b/d . . .	1,360	-	-	Jan. 4	" Bank . . .	1,800	-	-		
Dec. 31	" Profit and Loss A/c . .	440	-	-							

<i>Dr.</i>				RESERVE ON POLICY ACCOUNT				<i>Cr.</i>			
1932		£	s.	d.	1932		£	s.	d.		
Dec. 31	To Balance c/d . . .	432	-	-	Jan. 1	By Profit and Loss A/c . .	393	-	-		
1933					Dec. 31	" " " " . . .	39	-	-		
Jan. 1	" Balance c/d . . .	460	-	-	1933						
Dec. 31	" Balance c/d . . .	470	-	-	Jan. 1	" Balance b/d . . .	432	-	-		
1934					Dec. 31	" Profit and Loss A/c . .	28	-	-		
Jan. 1	" Balance b/d . . .	460	-	-	1934						
Dec. 31	" Profit and Loss A/c . .	8	-	-	Jan. 1	" Balance b/d . . .	470	-	-		
1935					Dec. 31	" Profit and Loss A/c . .	10	-	-		
Jan. 1	" Balance c/d . . .	462	-	-	1935						
Dec. 31	" Profit and Loss A/c . .	462	-	-	Jan. 1	" Balance b/d . . .	462	-	-		
1936					1936						
Dec. 31	" Profit and Loss A/c . .	462	-	-	Jan. 1	" Balance b/d . . .	462	-	-		

## EXERCISE XX—No. 13.

## A BUILDING SOCIETY

<i>Dr.</i>		LOAN ACCOUNT				<i>Cr.</i>			
1935 Dec. 31	To Cash . . . . .	£	s.	d.	1935 July 1	By Balance b/d . . . . .	£	s.	d.
	„ Balance c/d . . . . .	26	3	7	Dec. 31	„ Interest . . . . .	121	12	6
		98	9	9			3	—	10
		£124	13	4			£124	13	4
1936 June 30	To Cash . . . . .	£	s.	d.	1936 Jan. 1	By Balance b/d . . . . .	£	s.	d.
	„ Balance c/d . . . . .	26	3	7	June 30	„ Interest . . . . .	98	9	9
		74	15	5			2	9	3
		£100	19	—			£100	19	—
1936 Dec. 31	To Cash . . . . .	£	s.	d.	1936 July 1	By Balance b/d . . . . .	£	s.	d.
	„ Balance c/d . . . . .	26	3	7	Dec. 31	„ Interest . . . . .	74	15	5
		50	9	3			1	17	5
		£76	12	10			£76	12	10
1937 June 30	To Cash . . . . .	£	s.	d.	1937 Jan. 1	By Balance b/d . . . . .	£	s.	d.
	„ Balance c/d . . . . .	26	3	7	June 30	„ Interest . . . . .	50	9	3
		25	10	11			1	5	3
		£51	14	6			£51	14	6
1937 Dec. 31	To Cash . . . . .	£	s.	d.	1937 July 1	By Balance b/d . . . . .	£	s.	d.
		26	3	7	Dec. 31	„ Interest . . . . .	25	10	11
		£26	3	7			12	8	
		£26	3	7			£26	3	7

## EXERCISE XX—No. 14.

<i>Dr.</i>		SMITH				<i>Cr.</i>			
1934 Jan. 1	To Balance b/d . . . . .	£ 800	s. —	d. —	1934 Jan. 1	By Endowment Assurance Policy . . . . .	£ 400	s. —	d. —
						„ Bad Debts A/c . . . . .	400	—	—
		<u>£800</u>	<u>—</u>	<u>—</u>			<u>£800</u>	<u>—</u>	<u>—</u>

<i>Dr.</i>		BAD DEBTS ACCOUNT				<i>Cr.</i>			
1934 Jan. 1	To Smith . . . . .	£ £400	s.	d.	1934 June 30	By Profit and Loss A/c .	£ £400	s. —	d. —

## EXERCISE XX—No. 14 (contd.).

Dr.		ENDOWMENT ASSURANCE POLICY				Cr.			
1934		£	s.	d.	1934		£	s.	d.
Jan. 1	To Smith . . .	400	—	—	June 30	By Reserve on Policy A/c	20	—	—
Apr. 1	„ Cash: Premium on Policy . . .	50	—	—		„ Balance c/d . . .	430	—	—
		£450	—	—			£450	—	—
June 30	To Balance b/d . . .	430	—	—	1935	By Reserve on Policy A/c	10	—	—
1935					June 30	„ Balance c/d . . .	470	—	—
Apr. 1	„ Cash: Premium on Policy . . .	50	—	—			£480	—	—
		£480	—	—					
June 30	To Balance b/d . . .	470	—	—	1936	By Reserve on Policy A/c	5	—	—
1936					June 30	„ Balance c/d . . .	515	—	—
Apr. 1	„ Cash: Premium on Policy . . .	50	—	—			£520	—	—
		£520	—	—					
June 30	To Balance b/d . . .	515	—	—	Oct. 31	By Cash . . .	1,200	—	—
Oct. 31	„ Reserve on Policy A/c	35	—	—					
	„ Profit on Policy transferred to Cap. A/c	650	—	—					
		£1,200	—	—			£1,200	—	—

<i>Dr.</i>		CASH BOOK						<i>Cr.</i>		
1936 Oct. 31		£	s.	d.	1934 Apr. 1 1935 Apr. 1 1936 Apr. 1		£	s.	d.	
	To Endowment Assurance Policy .	1,200	—	—		By Premium on Policy .	50	—	—	
						„ Premium on Policy .	50	—	—	
						„ Premium on Policy .	50	—	—	

<i>Dr.</i>		RESERVE ON POLICY ACCOUNT				<i>Cr.</i>			
		£	s.	d.			£	s.	d.
1934 June 30	To Endowment Assurance Policy . . .	20	—	—	1936 Oct. 31	By Endowment Assurance Policy . . .	35	—	—
1935 June 30	To Endowment Assurance Policy . . .	10	—	—					
1936 June 30	To Endowment Assurance Policy . . .	5	—	—					
		<u>£35</u>	<u>—</u>	<u>—</u>			<u>£35</u>	<u>—</u>	<u>—</u>

## EXERCISE XX—No. 15.

## BALANCE SHEET OF COMPANY A AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES			ASSETS		
<i>Authorized Capital—</i>	£	s. d.	Premises at cost, <i>less</i> depreciation	£	s. d.
200,000 Shares of £1 each	£200,000	- -	Plant and Machinery at cost, <i>less</i> depreciation	37,000	- -
<i>Issued Capital—</i>			Stock	30,000	- -
140,000 Shares of £1 each,			Sundry Debtors	24,000	- -
fully paid.	140,000	- -	Bankers of A Company	80,000	- -
Reserve	24,000	- -	Goodwill at cost, <i>less</i> amounts written off	13,000	- -
Forfeited Shares	1,000	- -		38,000	- -
Sundry Creditors	31,000	- -			
Bills Payable	5,000	- -			
Bankers of B Company	3,000	- -			
Profit and Loss Account	18,000	- -			
	£222,000	- -		£222,000	- -

## EXERCISE XX—No. 16.

Dr.

## LANDLORD'S ACCOUNT

Cr.

Dr.		£	s.	d.	Cr.		£	s.	d.
1930	To Bank . . .	300	-	-	1930	By Royalties, 2,800 tons at Is. a ton . . .	140	-	-
						„ Short Workings . . .	160	-	-
1931	To Bank . . .	300	-	-	1931	By Royalties, 5,500 tons at Is. a ton . . .	275	-	-
						„ Short Workings . . .	25	-	-
1932	To Short Workings . . .	75	-	-	1932	By Royalties, 7,500 tons at Is. a ton . . .	375	-	-
	„ Bank . . .	300	-	-	1933	By Royalties, 8,500 tons at Is. a ton . . .	425	-	-
1933	To Short Workings . . .	110	-	-	1934	By Royalties, 9,500 tons at Is. a ton . . .	475	-	-
	„ Bank . . .	315	-	-					
1934	To Bank . . .	475	-	-					

Dr.

## ROYALTIES ACCOUNT

Cr.

Dr.		£	s.	d.	Cr.		£	s.	d.
1930	To Landlord . . .	140	-	-	1930	By Trading A/c . . .	140	-	-
1931	„ „ . . .	275	-	-	1931	„ „ . . .	275	-	-
1932	„ „ . . .	375	-	-	1932	„ „ . . .	375	-	-
1933	„ „ . . .	425	-	-	1933	„ „ . . .	425	-	-
1934	„ „ . . .	475	-	-	1934	„ „ . . .	475	-	-

Dr.

## SHORT WORKINGS ACCOUNT

Cr.

Dr.		£	s.	d.	Cr.		£	s.	d.
1930	To Landlord . . .	160	-	-	1932	By Landlord . . .	75	-	-
1931	„ „ . . .	25	-	-	1933	„ „ . . .	110	-	-
		£185	-	-			£185	-	-



## EXERCISE XX—No. 17.

Messrs. Gorgonzola & Co., of London, would buy bills to the amount of £1,842 5s. 6d. with the object of paying for goods purchased in Capetown. The Capetown creditors of Messrs. Gorgonzola may have had London creditors to whom they had given their acceptance for goods purchased, and, by the intermediary of bill brokers, Messrs. Gorgonzola & Co. have purchased same, and so discharged their indebtedness.

A further purpose served by buying such bills would be the saving of expense and obviation of risks in sending coin.

Such bills take the form of the ordinary foreign bill, of which a specimen is as below—

<p>No. 32/F.</p> <p>£1,842:5:6</p> <div style="border: 1px solid black; padding: 5px; margin: 10px auto; width: 100px; text-align: center;"> <p>STAMP</p> <p>19/-</p> </div> <p>To T WEISAN,</p> <p style="text-align: right;">Capetown.</p>	<p style="text-align: right;">LONDON.</p> <p style="text-align: right;">28th March, 19..</p> <p>At thirty days' sight pay this FIRST of Exchange (SECOND AND THIRD of same date and tenor unpaid) to the order of M. Marsden the sum of One thousand eight hundred and forty-two pounds, five shillings and sixpence, for value received.</p> <p style="text-align: right;">M. MARSDEN</p>
--	--

The above bill would be endorsed by M. Marsden when sold to bill broker, and endorsed by the bill broker when purchased by Messrs. Gorgonzola & Co.

## EXERCISE XX—No. 18.

## B &amp; CO.'S LEDGER

Dr.					JOINT ADVENTURE WITH A & CO., LAGOS					Cr.		
19..	To Goods	£	s.	d.	19..	By Sale of Native Produce	£	s.	d.			
	" A & Co.'s Expenses	20,500	—	—			26,400	—	—			
	" Cash	1,831	5	6								
	" Charges	443	—	—								
	" Balance (Profit)	3,625	14	6								
		£ 26,400	—	—			£ 26,400	—	—			

*Note.* It appears that the cost of Produce was £22,000, but *paid* for by £20,500, inference being that the difference of £1,500 is to be regarded as trade discount.

## EXERCISE XX—No. 19.

- (a) **GOODWILL** would appear as an asset in the Balance Sheet.  
Being an intangible asset, care must be taken to show **GOODWILL** at a figure agreeable to the present worth of the "connection" taken over, or according to the present worth of that upon which **GOODWILL** was based.
- (b) **REPAIRS RESERVE** would appear as a liability in the Balance Sheet.  
The object of a Repairs Reserve is to charge an equal amount against profits each year sufficient to meet recurring expenditure on Repairs. Should the surplus on Reserve be very high, future provision on that head must be adjusted accordingly.
- (c) **DEBENTURE ISSUE EXPENSES** would appear as an asset in the Balance Sheet.  
Being an expense on the issue of debentures, it would be advisable to write off such expenditure over a period of years equal to the life of the debentures—or, if debentures are irredeemable, in, say, five years.
- (d) **PRELIMINARY EXPENSES** would appear as an asset in the Balance Sheet.  
Being expenditure on the flotation of a company, such item must be written off over a number of years, say, between three to five years.
- (e) **UNCLAIMED DIVIDENDS** would appear as a liability in the Balance Sheet.
- (f) **EXPENDITURE ON LEASEHOLD WORKS** would be transferred to Profit and Loss Account.  
It is assumed that such expense has been incurred to maintain Lease in repair according to terms of Lease.  
Should, however, the expense have been incurred for the *improvement* of Lease, the item may be capitalized.
- (g) **FORFEITED SHARES ACCOUNT** would appear as a liability in the Balance Sheet.  
The amount on this account may be absorbed when shares are re-issued. Further, the amount may be transferred to a special Reserve Account.

## EXERCISE XX—No. 20 (a).

## N CO.'S JOURNAL

		£	s.	d.	£	s.	d.
19..							
Jan.	5	Guarantee Commission . . . . .	50	—	—	50	—
		To H . . . . .					
		Commission charged by H as guarantor of bill.					
"	5	Discount Account . . . . .	75	—	—	75	—
		To D B . . . . .					
		Charge made for discounting bill.					
July	8	R . . . . .	1,000	—	—	1,000	—
		To D B . . . . .					
		Adjustment between R & D B on discounted bill dishonoured.					

EXERCISE XX—No. 20 (a) (*contd.*).N CO.'S JOURNAL—(*contd.*).

			£	s.	d.	£	s.	d.
19..	July 8	Guarantee Commission . . . . . To H . . . . . Commission charged by H as guarantor of bill.	25	—	—	25	—	—
"	8	Discount Account . . . . . To D B . . . . . Charge made for discounting bill.	50	—	—	50	—	—
Oct. 11	R	To D B . . . . . Adjustment between R & D B on dis- counted bill dishonoured.	1,000	—	—	1,000	—	—
"	11	Guarantee Commission . . . . . To H . . . . . Commission charged by H as guarantor of bill.	25	—	—	25	—	—
"	11	Discount Account . . . . . To D B . . . . . Charge made for discounting bill.	50	—	—	50	—	—
19..	Jan. 14	D B . . . . . To R . . . . . Adjustment to close accounts of R & D B.	2,000	—	—	2,000	—	—
			£4,275	—	—	£4,275	—	—

## BILLS RECEIVABLE BOOK

No. of Bill.	Date.	Name of Acceptor.	Tenor.	Due Date.	Fol.	Amount.	Remarks.
1	19.. Jan. 5	R . . . .	6 mos.	19.. July 8		£ 1,000	} Discounted with D B
2	July 8	R . . . .	3 "	Oct. 11		1,000	
3	Oct. 11	R . . . .	3 "	Jan. 14		1,000	

Dr.

## CASH BOOK

Cr.

Bank.		Bank.	
19..		19..	
Jan. 5	To D B . . . . .	Jan. 5	By H . . . . .
July 8	" D B . . . . .	July 8	" H . . . . .
Oct. 11	" D B . . . . .	Oct. 11	" H . . . . .
		19..	
		Jan. 14	" R . . . . .
			3,000

## EXERCISE XX—No. 20 (a) (contd.).

Dr.			R			Cr.		
19..			£	s.	d.	19..		
July 8	To D B	.	1,000	—	—	Jan. 5	By Bills Receivable	1,000
Oct. 11	" D B	.	1,000	—	—	July 8	" Bills Receivable	1,000
19..						Oct. 11	" Bills Receivable	1,000
Jan. 14	" Cash	.	3,000	—	—	19..		
						Jan. 14	" D B	2,000
			£5,000	—	—			£5,000

Dr.			D B			Cr.		
19..			£	s.	d.	19..		
Jan. 5	To Bills Receivable	.	1,000	—	—	Jan. 5	By Cash	925
July 8	" Bills Receivable	.	1,000	—	—	" 5	" Discount.	75
Oct. 11	" Bills Receivable	.	1,000	—	—	" 8	" R	1,000
19..						" 8	" Cash	950
Jan. 14	" R	.	2,000	—	—	" 8	" Discount.	50
						Oct. 11	" R	1,000
						" 11	" Cash	950
						" 11	" Discount.	50
			£5,000	—	—			£5,000

Dr.			H			Cr.		
19..			£	s.	d.	19..		
Jan. 5	To Cash	.	50	—	—	Jan. 5	By Guarantee Comm's'n	50
July 8	" Cash	.	25	—	—	July 8	" Guarantee Comm's'n	25
Oct. 11	" Cash	.	25	—	—	Oct. 11	" Guarantee Comm's'n	25
			£100	—	—			£100

Dr.			BILLS RECEIVABLE ACCOUNT			Cr.		
19..			£	s.	d.	19..		
Jan. 5	To R	.	1,000	—	—	Jan. 5	By D B	1,000
July 8	" R	.	1,000	—	—	July 8	" D B	1,000
Oct. 11	" R	.	1,000	—	—	Oct. 11	" D B	1,000
			£3,000	—	—			£3,000

Dr.			DISCOUNT ACCOUNT			Cr.		
19..			£	s.	d.			
Jan. 5	To D B	.	75	—	—			
July 8	" D B	.	50	—	—			
Oct. 11	" D B	.	50	—	—			

Dr.			GUARANTEE COMMISSION ACCOUNT			Cr.		
19..			£	s.	d.			
Jan. 5	To H	.	50	—	—			
July 8	" H	.	25	—	—			
Oct. 11	" H	.	25	—	—			

## EXERCISE XX—No. 20 (b).

G C's LEDGER									
Dr.					J P		Cr.		
19..			£	s. d.	19..		£	s. d.	
Dec. 1	To Cash . . .		150	—	Dec. 1	By Shares . . .	1,000	—	—
19..					19..				
Jan. 14	„ Cash . . .		150	—	Feb. 3	„ Cash . . .	350	—	—
Feb. 3	„ Cash . . .		150	—					
„ 3	„ Shares . . .		900	—					
			£1,350	—			£1,350	—	—

SHARES ACCOUNT									
Dr.					J P		Cr.		
19..			£	s. d.	19..		£	s. d.	
Feb. 3	To J P. . . .		1,000	—	Dec. 1	By J P . . . .	900	—	—
					19..				
					Feb. 3	„ Loss on Sale of Shares	100	—	—
			£1,000	—			£1,000	—	—

CASH BOOK									
Dr.					J P		Cr.		
19..			£	s. d.	19..		£	s. d.	
Feb. 3	To J P. . . .		350	—	Dec. 1	By J P . . . .	150	—	—
					19..				
					Jan. 4	„ J P . . . .	150	—	—
					Feb. 3	„ J P . . . .	150	—	—
	TOTAL . . .		£350	—		TOTAL . . .	£450	—	—

J P's LEDGER									
Dr.					G C		Cr.		
19..			£	s. d.	19..		£	s. d.	
Dec. 1	To Shares . . .		1,000	—	Dec. 1	By Cash . . . .	150	—	—
19..					19..				
Feb. 3	„ Cash . . . .		350	—	Jan. 3	„ Cash . . . .	150	—	—
					„ 3	„ Cash . . . .	150	—	—
					Feb. 3	„ Shares . . . .	900	—	—
			£1,350	—			£1,350	—	—

W									
Dr.					G C		Cr.		
19..			£	s. d.					
Feb. 3	To Shares . . .		1,000	—					

SHARES ACCOUNT									
Dr.					G C		Cr.		
19..			£	s. d.	19..		£	s. d.	
Feb. 3	To G C . . . .		900	—	Dec. 1	By G C . . . .	1,000	—	—
„ 3	„ Gain on Sale of Shares		100	—	19..				
„ 3	„ Balance c/d . .		1,000	—	Feb. 3	„ W . . . .	1,000	—	—
			£2,000	—			£2,000	—	—

## EXERCISE XX—No. 20 (b) (contd.).

Dr.		CASH BOOK						Cr.	
		£	s.	d.			£	s.	d.
19..					19..				
Dec. 1	To G C . . . .	150	—	—	Feb. 3	By G C . . . .	350	—	—
19..					" 3	" Balance c/d . .	100	—	—
Jan. 4	" G C . . . .	150	—	—					
Feb. 3	" G C . . . .	150	—	—					
		£450	—	—			£450	—	—

## EXERCISE XX—No. 20 (c).

## THE COMPANY'S JOURNAL

		£	s.	d.		£	s.	d.
19..	Share Capital Account . . . .	500	—	—				
	To Forfeited Shares Account . .					250	—	—
	" Calls (unpaid) . . . .					250	—	—
	500 shares, Nos.....to..... for-							
	feited by order of the Board of							
	Directors for NON-payment of calls.							
	D (New Shareholder) . . . .	375	—	—				
	Forfeited Shares Account . . . .	125	—	—				
	To Share Capital Account . . . .					500	—	—
	For re-issue of forfeited shares.							
		£1,000	—	—		£1,000	—	—

## COMPANY'S LEDGER

<i>Dr.</i>		SHARE CAPITAL ACCOUNT				<i>Cr.</i>			
19..	To Forfeited Shares A/c.	£	s.	d.	19..	By D . . . .	£	s.	d.
	„ Calls (unpaid) A/c .	250	—	—		„ Forfeited Shares .	375	—	—
		250	—	—			125	—	—
		£500	—	—			£500	—	—

Dr.		FORFEITED SHARES ACCOUNT				Cr.			
19..	To Share Capital A/c . .	£	s.	d.	19..	By Share Capital A/c . .	£	s.	d.
	„ Balance c/d . . . .	125	—	—			250	—	—
		125	—	—					
		£250	—	—			£250	—	—

Dr.				D				Cr.			
19..	To Share Capital . . . .	£	s.	d.	19..	By Cash . . . .	£	s.	d.		
		375	—	—			375	—	—		
		<u>          </u>	<u>          </u>	<u>          </u>			<u>          </u>	<u>          </u>	<u>          </u>		

EXERCISE XX—No. 21.

LEAD & HALL, LTD.

Dr. TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19.. Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st Jan. . . . .				3,634	18	8			
" Purchases . . . . .				8,092	11	11			
" Wages . . . . .				4,126	7	8			
" Fuel . . . . .				17	8				
" Balance, Gross Profit c/d . . . . .				3,508	9	2			
				£ 19,411	5	1			
To Travellers' Commission . . . . .				279	2	—			
" Travelling Expenses . . . . .				255	18	—			
" Rates, Taxes, and Insurance . . . . .	317	1	2						
" Less Rates and Insurance prepaid . . . . .	78	—	—						
Trade Expenses. . . . .				239	1	2			
" Repairs . . . . .				280	11	6			
" Horsekeep. . . . .				52	12	2			
" Stamps and Parcel Post . . . . .				57	1	5			
" Carriage Outwards . . . . .				114	—	—			
" Discounts Allowed . . . . .				319	13	11			
" Interest on Mortgage, etc. . . . .				257	16	11			
" Interest on Calls Paid in Advance . . . . .				155	15	2			
" Banker's Charges . . . . .				2	8	—			
" Stationery out of Stock . . . . .				28	6	—			
" Bad Debts . . . . .	12	4	—	98	9	—			
" Add Bad Debts accrued . . . . .	5	—	—						
Bad Debts Reserve (amount provided). . . . .				17	4	—			
" Discount Reserve on Debtors . . . . .				100	—	—			
" Directors' Remuneration (3½% of £2,469/7/7) . . . . .				92	12	—			
Depreciation— . . . . .				206	12	—			
" Freehold Factory . . . . .	50	—	—						
" Machinery . . . . .	109	7	9						
" Engine, Boiler, and Shafting . . . . .	28	11	4						
" Horse and Van . . . . .	10	1	9						
" Trade Fixtures . . . . .	38	—	6						
" Office Furniture . . . . .	1	10	—						
" Balance, Net Profit c/d . . . . .				237	11	4			
				1,082	8	6			
				£3,877	3	1			
							£3,877	3	1





EXERCISE XX—No. 21 (*contd.*).

LEAD & HALL, LTD.

Dr.	APPROPRIATION ACCOUNT				Cr.
	£	s.	d.	£	
To Manager's Bonus (5% of £1082/8/6) . . . . .	54	2	5	By Balance, 1st Jan. . . . .	54
" Dividend on Ordinary Shares . . . . .	640	4	—	" Current Year's Profit. . . . .	684
" Vendors' Share of Profit (£2 of £388/2/1) . . . . .	57	6	—		1,082
" Balance to Balance Sheet . . . . .	875	7	1		
	£1,666	14	—		£1,666
					14
					—

EXERCISE XX—No. 22.

THE UTOPIA MOTOR WORKS, LTD.

Dr.						Cr.					
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY, 19..											
	f.	s.	d.	f.	s.	d.		f.	s.	d.	
To Stock, 1st Feb.	.	.	.	14,685	-	-	By Sales	.	.	.	.
" Loose Tools, 1st Feb.	.	.	.	8,001	-	-	" Stock, 31st Jan.	.	.	.	.
" Purchases (including Carriage)	.	.	.	57,833	-	-	" Loose Tools, 31st Jan.	.	.	.	.
" Manufacturing Wages	.	.	.	53,129	-	-					
" Balance, Gross Profit	.	.	.	1,325	-	-					
				£134,973	-	-					
To Rates, Taxes, Gas, Water, and Insurance .	872	-	-				By Trading Account	.	.	.	.
Less Prepaid—							Transfer Fees	.	.	.	.
Rates	. £21						" Bad Debts Reserve, 1st Feb.	807	-	-	17
Insurance	. 40	-	-	61	-	-	" Less New Provision (4% of £8,700)	348	-	-	
							" Balance, Net Loss.	.	.	.	.
Salaries and Commission .				811	-	-					
" Advertising (£ of £2,190 W/o) .				1,263	-	-					
" Office Expenses				709	-	-					
" " Bad Debts				203	-	-					
" Interest on Loan				1,106	-	-					
" Add Amount accrued				161	-	-					
				26	-	-					
Directors' Fees				187	-	-					
" Depreciation—				2,000	-	-					
" Plant (5% of £36,080)				1,804	-	-					
" Buildings				361	-	-					
				2,165	-	-					
				£8,465	-	-					

THE UTOPIA MOTOR WORKS, LTD.  
BALANCE SHEET AS AT 31ST JANUARY, 19..

783

THE ENGINE AND MOTOR CO., LTD.

TRADING ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 19..

[illegible]

## EXERCISE XX—No. 23 (contd.).

THE ENGINE AND MOTOR CO., LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 19..

	£	s.	d.	£	s.	d.	f	s.	d.
To Rates, Taxes, and Insurance	.	.	.	.	.	.	.	.	.
Less Insurance prepaid	.	.	.	.	.	.	.	.	.
" Office Salaries	.	.	.	.	.	.	.	.	.
" Add Amount owing.	.	.	.	.	.	.	.	.	.
Trade Expenses.	.	.	.	.	.	.	.	.	.
" General Expenses	.	.	.	.	.	.	.	.	.
" Travelling Expenses	.	.	.	.	.	.	.	.	.
" Repairs and Renewals to Plant	.	.	.	.	.	.	.	.	.
" Audit Fee and Legal Expenses	.	.	.	.	.	.	.	.	.
" Bad Debts W/o .	.	.	.	.	.	.	.	.	.
" Discounts Allowed	.	.	.	.	.	.	.	.	.
" Directors' Fees .	.	.	.	.	.	.	.	.	.
" Preliminary Expenses.	.	.	.	.	.	.	.	.	.
" Bad Debts Reserve	.	.	.	.	.	.	.	.	.
" Less Old Reserve	.	.	.	.	.	.	.	.	.
<i>Depletion—</i>	.	.	.	.	.	.	.	.	.
" Plant and Machinery (10% of £11,595)	.	.	.	.	.	.	.	.	.
" Patterns (15% of £3,155).	.	.	.	.	.	.	.	.	.
" Patents (20% of £1,535)	.	.	.	.	.	.	.	.	.
" Office Furniture (10% of £545).	.	.	.	.	.	.	.	.	.
" Balance, Net Profit o/d	.	.	.	.	.	.	.	.	.
	865	30	—	835	—	—	12,415	20	—
	750	—	—	818	3	8	875	—	—
	68	3	8	2,165	—	—	45	—	—
				465	—	—			
				1,245	—	—			
				205	—	—			
				615	—	—			
				1,235	—	—			
				300	—	—			
				380	—	—			
	1,560	15	—	395	15	—			
	1,165	—	—	—	—	—			
	1,159	10	—	—	—	—			
	473	5	—	—	—	—			
	307	—	—	—	—	—			
	54	10	—	—	—	—			
				1,994	5	—			
				1,786	16	4			
				£13,355	—	—	£13,355	—	—

### PROPOSED APPROPRIATION ACCOUNT

	£	s.	d.		£	s.	d.
To Dividend on Cumulative Preference Shares @ 6%							
due on last year . . . . .				By Balance, 1st April . . . . .	1,500	-	4
" Balance . . . . .				" Current Year's Profit. . . . .	1,831	16	4
					<u>£3,331</u>	<u>16</u>	<u>4</u>
					£3,331	16	4

THE ENGINE & MOTOR CO., LTD.  
BALANCE SHEET AS AT 31ST MARCH, 19..

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**EXERCISE XX—No. 24.**

CONTRACT No. 125

*Dr.*

*Name:* WILLIAMS, F. R.

*Cr.*

Date	Details	Fol.	Direct Purchases	Fol.	Stores	Date	Wages	Total	Date	Details	Fol.
194. *											
Oct 5	To Subcontract . . . . .	4	£ s. d. 52 7 4	15	£ s. d. 125 4 —	194. 1 Oct. 8	£ s. d. 25 — —	£ s. d. — — —	194. Oct. 31	By Contract .	£ s. d. 350 — —
" 9	" Sundries . . . . .			24	18 10 —	" 15	24 — —				
" 10	" " . . . . .			25	5 4 —	" 22	26 7 —				
							10 4 —				
	To Direct Purchases . . . . .		52 7 4		148 18 —		85 11 —	85 11 —			
	" Stores . . . . .						52 7 4 —	52 7 4 —			
	" Expenses at 20 per cent on Wages .						148 18 —	148 18 —			
	" Expenses at 10 per cent on Materials .						17 2 2	17 2 2			
	" Profit . . . . .						20 2 6	20 2 6			
							25 19 —	25 19 —			
							£350 — —	£350 — —			

## EXERCISE XX—No. 25.

<i>Dr.</i>		STOCK OUT ON HIRE-PURCHASE					<i>Cr.</i>		
		£	s.	d.			£	s.	d.
194. Jan. 1	To Value of Stock out on Hire-purchase agreements . . .				194. Dec. 31	By Receipts from Hire-purchasers during year . . .			
Dec. 31	" Cost of Stock sent out on Hire-purchase agreements during year . . .					" Value of Stock out on Hire-purchase at end of year (being the amount of the instalments not yet paid after deducting the proportion of profit included therein) . . .			
	" Transfer to Profit and Loss Account, being profit during the year . . .								

The cost of Stock out on hire is obtained from a Hire-Purchase Day Book containing a column showing the cost of each article sold on hire-purchase. The receipts from hire-purchasers are obtained from an extra column in the Cash Book into which all such receipts are extended. The stock figures are arrived at by valuation.

## EXERCISE XX—No. 26.

## JOURNAL

		£	s.	d.	£	s.	d.
1934							
Jan. 22	Policy Account . . . . .	270	—	—			
	Bad Debts Account . . . . .	230	—	—			
	To A. . . . .				500	—	—
	Policy taken over in satisfaction of debt at surrender value and writing off of balance.						
July 1	Life Premium Account . . . . .	18	—	—			
	To Bank . . . . .				18	—	—
	Premium paid.						
Dec. 31	Policy Account . . . . .	15	—	—			
	To Life Premium Account . . . . .				15	—	—
	Transfer of increase in surrender value.						
	Profit and Loss Account . . . . .	3	—	—			
	To Life Premium Account . . . . .				3	—	—
	Transfer.						
1935							
July 1	Life Premium Account . . . . .	18	—	—			
	To Bank . . . . .				18	—	—
	Premium paid.						
Dec. 31	Policy Account . . . . .	16	—	—			
	To Life Premium Account . . . . .				16	—	—
	Transfer of increase in surrender value.						
	Profit and Loss Account . . . . .	2	—	—			
	To Life Premium Account . . . . .				2	—	—
	Transfer.						
1936							
Jan. 15	Bank . . . . .	530	—	—			
	To Policy Account . . . . .				530	—	—
	Amount received under policy.						
	Policy Account . . . . .	229	—	—			
	To Profit and Loss Account . . . . .				229	—	—
	Transfer of profit on policy.						
		<u>£1,331</u>	—	—	<u>£1,331</u>	—	—



## EXERCISE XX—No. 27.

PRODUCTION ACCOUNT OF A MOTOR MANUFACTURING  
COMPANY FOR THE YEAR ENDED 31st DECEMBER, 19..

	£	s.	d.	£	s.	d.
Materials used . . . . .	325,682	—	—			
Direct Wages . . . . .	367,265	—	—			
<i>Prime Cost—</i>				692,947	—	—
Factory overhead expenses. Equal 20% on Wages . . .				73,453	—	—
<i>Factory Cost—</i>				766,400	—	—
Establishment and general expenses. 6% of Factory Cost				45,984	—	—
<b>Total Cost</b>				<b>£812,384</b>	—	—

CALCULATION OF PRICE AT WHICH A MOTOR CAR SHOULD  
BE SOLD TO YIELD A PROFIT OF 25 PER CENT

	£	s.	d.
Materials cost . . . . .	104	—	—
Wages . . . . .	80	—	—
<i>Add 20% of Wages for Factory overhead expenses . . .</i>	184	—	—
	16	—	—
<i>Factory Cost</i>	200	—	—
<i>Add 6% of Factory Cost for establishment and general expenses . . . . .</i>	12	—	—
	212	—	—
<i>Add 25% for profit . . . . .</i>	53	—	—
<b>Selling price . . . . .</b>	<b>£265</b>	—	—

EXERCISE XX—No. 28.

TRADING AND PROFIT AND LOSS ACCOUNTS OF SIGMA, LIMITED, FOR THE YEAR ENDED 31ST MARCH, 1938

Dr.

Cr.

To Stock, 1st April, 1937 . . . . .	£	s.	d.	£	s.	d.	By Sales . . . . .	£	s.	d.
" Purchases . . . . .				33,061			" Stock, 31st March, 1938 . . . . .	115,316		
" Gross Profit carried to Section II . . . . .				102,177				37,001		
				17,079						
				£152,317				£152,317		
To Office and Showroom Salaries . . . . .				2,870			By Gross Profit brought from Section I . . . . .	17,079		
" Travellers' Salaries and Commission . . . . .				3,317			" Discount . . . . .	733		
" Rent and Rates . . . . .				1,745						
" Bad Debts . . . . .				631						
" Advertising . . . . .				3,075						
" Directors' Fees . . . . .				600						
" Bank Interest . . . . .				41						
" Legal Charges and Audit Fee . . . . .				105						
" Sundry Trade Expenses . . . . .				1,752						
" Depreciation—										
Vans and Cars . . . . .	1,020									
Fixtures and Fittings . . . . .	450									
				1,470						
				2,206						
" Net Trading Profit carried to Section III . . . . .				£17,812				£17,812		
To Legal Charges in connection with Capital Reduction Scheme written off . . . . .				80			By Net Trading Profit brought from Section II . . . . .	2,206		
" Amount written off Goodwill . . . . .				353			" Dividends from Investments . . . . .	900		
" Balance, Net Profit for the year . . . . .				2,673						
				£3,106				£3,106		

(contd.).

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## EXERCISE XX—No. 29.

BALANCE SHEET OF DAVIS, EDWARDS, & FREEMAN  
AS AT 31ST DECEMBER, 1935

<i>Liabilities and Capital</i>	Davis			Edwards			Freeman					
	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
Current Accounts—												
Balance, 1st Jan., 1935.	677	-	-	180	-	-	243	-	-			
Add Interest on Capital	400	-	-	350	-	-	100	-	-			
Salary							150	-	-			
Shares of Profit	975	-	-	585	-	-	390	-	-			
	2,052	-	-	1,115	-	-	883	-	-			
Less Drawings (including Salary) and Interest on Drawings	1,448	11	6	912	18	9	693	9	9			
	£603	8	6	£202	1	3	£189	10	3	£995	-	-
Capital Accounts—												
Davis							8,000	-	-			
Edwards							7,000	-	-			
Freeman							2,000	-	-			
										17,000	-	-

Interest on Drawings has been calculated in months.

## EXERCISE XX—No. 30.

Dr.		REPAIRS AND RENEWALS RESERVE				Cr.			
1937 Dec. 31	To Repairs and Renewals „ Balance . . c/d .	£ 50 100 <u>£150</u>	s. - - -	d. - - -	1937 Dec. 31	By Profit and Loss A/c .	£ 150 <u>£150</u>	s. - -	d. - -
1938 Dec. 31	To Repairs and Renewals . „ Balance c/d . . .	£ 43 207 <u>£250</u>	s. - - -	d. - - -	1938 Jan. 1 Dec. 31	By Balance . . b/d „ Profit and Loss A/c .	£ 100 150 <u>£250</u>	s. - - -	d. - - -
1939 Dec. 31	To Repairs and Renewals . „ Balance c/d . . .	£ 76 281 <u>£357</u>	s. - - -	d. - - -	1939 Jan. 1 Dec. 31	By Balance b/d . . . „ Profit and Loss A/c .	£ 207 150 <u>£357</u>	s. - - -	d. - - -
1940 Dec. 31	To Repairs and Renewals . „ Balance c/d . . .	£ 88 343 <u>£431</u>	s. - - -	d. - - -	1940 Jan. 1 Dec. 31	By Balance b/d . . . „ Profit and Loss A/c .	£ 281 150 <u>£431</u>	s. - - -	d. - - -
					1941 Jan. 1	By Balance b/d . . .	£ 343	s. - -	d. - -

<i>Dr.</i>		PROFIT AND LOSS ACCOUNT				<i>Cr.</i>	
1937 Dec. 31	To Repairs and Renewals Reserve . . .	£ 150	s. -	d. -			
1938 Dec. 31	„ Repairs and Renewals Reserve . . .	150	-	-			
1939 Dec. 31	„ Repairs and Renewals Reserve . . .	150	-	-			
1940 Dec. 31	„ Repairs and Renewals Reserve . . .	150	-	-			

STATEMENT OF AFFAIRS OF THOS. F. SELLERS.....

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EXERCISE XXI—No. 2.

STATEMENT OF AFFAIRS OF RICHARD HUMPHREY

ON 31ST JANUARY, 19..

Gross Liabilities.			LIABILITIES.			Expected to Rank.			ASSETS.			Expected to Produce.		
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
693	7	9	Unsecured Creditors (A)	.	.	693	7	9	Property (H)—	.	.	.	.	.
45	1	6	Preferential Creditors—	.	.				Cash in hand	.	.	395	11	9
			Creditors for Rent (F)	.	.				Stock-in-Trade.	.	.	173	12	6
			Creditors for Rates, Taxes, Wages, etc.	.	.				Shop Fittings	.	.	45	—	—
			payable in full (G)	.	.				Household Furniture.	.	.	280	—	—
			Deducted as <i>per contra</i>	.	.				TOTAL.	.	.	641	2	11
									Book Debts (I)—	.	.	34	19	6
									Good	.	.	10	11	6
									Doubtful.	.	.	60	11	3
									Bad	.	.			
									TOTAL ASSETS	.	.	676	2	5
									Deduct for Preferential Creditors, as <i>per contra</i> .	.	.	45	1	6
									NET ASSETS.	.	.	631	—	11
									Deficiency (K)	.	.	62	6	10
												£693	7	9
£738	9	3				£693	7	9						

EXERCISE XXI—No. 3.

STATEMENT OF AFFAIRS OF JONAS JOHNSON

ON 18TH MARCH, 19..

Gross Liabilities.			LIABILITIES.			Expected to Rank.			ASSETS.			Expected to Produce.		
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
22,100	—	—				22,100	—	—	Property (H)—					
9,870	—	—	9,870	—	—				Cash in hand . . . . .			5	—	—
	—	—	12,107	—	—				Office Furniture . . . . .			50	—	—
	—	—		—	—				Plant and Machinery . . . . .			4,200	—	—
	—	—	2,237	—	—				Life Policy in Atlas Assurance Co. . . . .			192	—	—
4,764	—	—	4,764	—	—				TOTAL . . . . .			4,447	—	—
	—	—	2,321	—	—	2,443	—	—	Book Debts (I)—			3,000	—	—
850	—	—		—	—				Good . . . . .			500	—	—
	—	—	850	—	—				Doubtful . . . . .			300	—	—
	—	—	600	—	—	250	—	—	Bad . . . . .			£800	—	—
	—	—		—	—				Surplus as <i>per contra</i> (Sch. B) . . . . .			200	—	—
	—	—		—	—				TOTAL ASSETS . . . . .			2,237	—	—
	—	—		—	—				Deduct for Preferential Creditors as <i>per contra</i> . . . . .			9,884	—	—
	—	—		—	—				NET ASSETS . . . . .			600	—	—
	—	—		—	—				Deficiency (K) . . . . .			9,284	—	—
	—	—		—	—							15,509	—	—
	—	—		—	—							24,793	—	—
£37,584	—	—		—	—	£24,793	—	—					—	—

9,284  
£ 24,793 = 7/5 $\frac{1}{2}$  in the £ BEFORE expenses of Realization are deducted.





EXERCISE XXI—No. 5.

STATEMENT OF AFFAIRS OF THOMAS JONES

ON.....

Gross Liabilities.		LIABILITIES.		Expected to Rank.		ASSETS.		Expected to Produce.	
£.	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
3,050	-	<i>Unsecured Creditors (A)—</i>				<i>Property (H)—</i>			
		On Open Accounts . . . . .	2,500	-	-	Cash in hand . . . . .		800	20
		Liabilities on Bills . . . . .	400	-	-	Stock-in-Trade . . . . .		500	-
		Bank Overdraft . . . . .	150	-	-	Trade Fixtures . . . . .		300	120
500	-	Fully-secured Creditors (B) . . . . .	500	-	-	Plant and Machinery . . . . .		500	400
		Estimated Value of Security . . . . .	600	-	-	TOTAL . . . . .		1,040	-
		Surplus to contra . . . . .	100	-	-	<i>Book Debts (I)—</i>		500	-
90	-	<i>Preferential Creditors—</i>				Good . . . . .		250	-
		Rent for $\frac{1}{2}$ year (F) . . . . .	50	-	-	Doubtful . . . . .		250	-
		Rates and Taxes (G) . . . . .	10	-	-	Bad . . . . .		£500	-
		Domestic Servants' Wages, 3 mos. (G) . . . . .	30	-	-	Surplus as <i>per contra</i> (Sch. B . . . . .		100	-
		Deducted as <i>per contra</i> . . . . .	£90	-	-	TOTAL ASSETS . . . . .		1,740	-
						Deduct for Preferential Creditors as <i>per contra</i> . . . . .		90	-
						NET ASSETS . . . . .		1,650	-
						Deficiency (K) . . . . .		1,400	-
								£3,050	-
£3,640	-			£3,050	-				-

EXERCISE XXI—No. 6.

STATEMENT OF AFFAIRS OF WINTER & CO.  
ON 29TH SEPTEMBER, 19..

Gross Liabilities.		LIABILITIES.		Expected to Rank.		ASSETS.		Expected to Produce.	
£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
6,050	—	Unsecured Creditors (A) :	—	6,050	—	Property (H)—	—	410	—
2,560	—	Fully-secured Creditors (B) :	2,560	—	—	Cash at Bank :	—	1,200	—
	—	Value of Security (Stock) :	3,000	—	—	Stock-in-Trade :	—	—	—
	—	Surplus to contra .	440	—	—	Furniture, etc..	—	250	—
1,000	—	Partly-secured Creditors (C) :	—	—	—	Land and Buildings .	—	1,000	—
	—	Value of Security (Stock) :	1,000	—	—	TOTAL .	—	2,860	—
90	—	Preferential Creditors (G)—	565	—	435	Book Debts (I)—	—	500	—
	—	Wages and Taxes deducted as <i>per contra</i>	90	—	—	Good Doubtful .	—	100	—
	—					Surplus as <i>per contra</i> (Sch. B)	—	440	—
	—					TOTAL ASSETS	—	3,900	—
	—					Deduct for Preferential Creditors as <i>per contra</i> .	—	90	—
	—					NET ASSETS .	—	3,810	—
	—					Deficiency (K) .	—	2,675	—
49,700	—			46,485	—			46,485	—

EXERCISE XXI—No. 7.

STATEMENT OF AFFAIRS OF SAMUEL HOBSON

ON.....

Gross Liabilities.		LIABILITIES.		Expected to Rank.		ASSETS.		Expected to Produce.	
£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
16,740	—	Unsecured Creditors (A) . . . . .	3,110	—	—	Property (H)—			
3,110	—	Fully-secured Creditors (B) . . . . .	6,950	—	—	Cash at Bankers	3,300	2,000	—
	—	Value of Security (Shares) . . . . .	3,840	—	—	Freehold House		1,000	—
	—	Surplus to contra . . . . .	5,420	—	—	1,000 Ordinary Shares in Cable Telegraph Co..		3,420	—
5,420	—	Partly-secured Creditors . . . . .	2,500	—	—	TOTAL . . . . .		1,280	—
	—	Value of Security (Shares). . . . .		2,920	—	Book Debts (I)—	2,800	700	—
500	—	Preferential Creditors—				Good			
	—	Rent (F) and Salaries (G) deducted as	500	—	—	Doubtful . . . . .	£3,500	1,000	—
	—	per contra . . . . .				Bad . . . . .		800	—
	—					Bills of Exchange (J) . . . . .		3,840	—
	—					Surplus as per contra (Sch. B) . . . . .		10,340	—
	—					TOTAL ASSETS . . . . .		500	—
	—					Deduct for Preferential Creditors as per contra . . . . .		9,840	—
	—					Deficiency (K) . . . . .		9,820	—
£25,770	—			£19,660	—			19,660	—

DEFICIENCY ACCOUNT

Capital at commencement		s. d.		£		s. d.		£	
£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
3,800	—	Samuel Hobson's Drawings . . . . .	3,800	—	—			1,200	—
9,820	—	Business Expenses . . . . .	9,820	—	—			3,200	—
	—	Unsuccessful Action . . . . .			—			5,420	—
	—	Estimated Losses on Realization—			—				—
	—	Freehold House . . . . .			—			1,300	—
	—	Debtors . . . . .			—			2,500	—
	—				—				—
	—			£13,620	—			3,800	—
	—				—			13,620	—

EXERCISE XXI—No. 8.

STATEMENT OF AFFAIRS OF CHARLES JACKSON

ON.....

Gross Liabilities.			LIABILITIES.			Expected to Rank.			ASSETS.			Expected to Produce.		
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
753	4	11	Unsecured Creditors (A) . . . . .	.	.	753	4	11	Property (H)—	.	.	.	.	.
800	—	—	Fully-secured Creditors (B) . . . . .	.	.	800	—	—	Cash in hand . . . . .	.	.	1	10	—
			Value of Security (Works) . . . . .	.	.	1,000	—	—	Cash in Bank . . . . .	.	.	140	2	3
			Surplus to contra . . . . .	.	.	£200	—	—	Cash in hands of Solicitor . . . . .	.	.	—	10	—
200	—	—	Accommodation Bills (D) . . . . .	.	.	200	—	—	Stock-in-Trade . . . . .	.	.	398	4	3
200	—	—	Contingent or Other Liabilities (E)	.	.	100	—	—	Furniture . . . . .	.	.	—	—	—
86	14	8	Preferential Creditors—	.	.				Fittings . . . . .	.	.	275	—	—
			Rent (F) . . . . .	.	.				Machinery . . . . .	.	.	175	—	—
			Rates . . . . .	.	.				Gold Watch and Chain . . . . .	.	.	200	—	—
			Income Tax . . . . .	.	.				TOTAL . . . . .	.	.	866	12	3
			Wages . . . . .	.	.				Book Debts (I)—	.	.	118	10	—
			Deducted as per contra . . . . .	.	.				Good . . . . .	.	.	76	4	3
			Surplus (K) . . . . .	.	.				Doubtful . . . . .	.	.	296	11	—
				.	.	162	6	8	Bad . . . . .	.	.	£372	15	3
				.	.				Bills of Exchange (J) . . . . .	.	.	—	—	—
				.	.				Surplus as per contra (Sch. B) . . . . .	.	.	87	4	—
				.	.				TOTAL ASSETS . . . . .	.	.	1,302	6	3
				.	.				Deduct for Preferential Creditors as per contra . . . . .	.	.	86	14	8
				.	.				Net Assets . . . . .	.	.	£1,215	11	7
£2,039	19	7		.	.	£1,215	11	7		.	.			

## STATEMENT OF AFFAIRS OF FRED JACKSON

ON 31ST MARCH, 19..

NOTE.—The Securities consist of Leasehold Premises £9,000, and the Life Insurance Policy (at surrender value) £500.

## DEFICIENCY ACCOUNT

804

EXERCISE XXI—No. 10.

STATEMENT OF AFFAIRS OF A LIVERPOOL MERCHANT

ON.....

Gross Liabilities.			LIABILITIES.			Expected to Rank.			Assets.			Expected to Produce.		
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
28,896	—	—	Unsecured Creditors (A) :	—	—	28,896	—	—	Property (H)—	—	—	—	—	—
2,352	—	—	Fully-secured Creditors (B) :	—	—	—	—	—	Cash in hand . . . . .	—	—	4	—	—
.	—	—	Value of Security . . . . .	—	—	—	—	—	Cash at Bank . . . . .	—	—	80	—	—
	—	—	Surplus to contra . . . . .	—	—	—	—	—	Stock: LIVERPOOL . . . . .	1,306	—	1,200	—	—
	—	—		—	—	278	—	—	Stock, and Book Debts at four Stations on Coast.	36,584	—	23,360	—	—
37,697	—	—	Partly-secured Creditors (C) :	—	—	37,697	—	—	Four Station Buildings, Plant, Steamers, and	—	—	—	—	—
	—	—	Value of Securities . . . . .	—	—	18,098	—	—	Carrying Craft . . . . .	40,000	—	20,000	—	—
5,833	—	—	Liability on Bills Discounted (D) . . . . .	—	—	5,833	—	—	Office Furniture . . . . .	289	—	200	—	—
822	—	—	Preferential Creditors, deducted as <i>per contra</i> . . . . .	—	—	822	—	—	TOTAL . . . . .	—	—	44,844	—	—
	—	—		—	—	—	—	—	Book Debts (in England) (I)—	—	—	—	—	—
	—	—		—	—	—	—	—	Good . . . . .	—	—	1,341	—	—
	—	—		—	—	—	—	—	Doubtful . . . . .	170	—	—	—	—
	—	—		—	—	—	—	—	Bad . . . . .	34	—	—	—	—
	—	—		—	—	—	—	—		£204	—	85	—	—
	—	—		—	—	—	—	—	Surplus as <i>per contra</i> (Sch. B) . . . . .	—	—	278	—	—
	—	—		—	—	—	—	—	TOTAL ASSETS . . . . .	—	—	46,548	—	—
	—	—		—	—	—	—	—	Deduct for Preferential Creditors as <i>per contra</i> . . . . .	—	—	822	—	—
	—	—		—	—	—	—	—	NET ASSETS . . . . .	—	—	45,726	—	—
	—	—		—	—	—	—	—	Deficiency (K) . . . . .	—	—	3,769	—	—
	—	—		—	—	—	—	—		—	—	£49,495	—	—
	—	—		—	—	—	—	—		—	—	—	—	—
	—	—		—	—	—	—	—		—	—	—	—	—
£75,600	—	—		—	—	£49,495	—	—		—	—	—	—	—



## DEFICIENCY ACCOUNT

806

EXERCISE XXI—No. 11.

STATEMENT OF AFFAIRS OF THE SANDY FREEHOLD LAND SOCIETY  
ON 9TH JULY, 19..

Gross Liabilities.		LIABILITIES.				Expected to Rank.		ASSETS.				Expected to Produce.	
£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
200,000	—	Unsecured Creditors (A) . . .	—	—	—	200,000	—	Property (H)—	—	—	—	—	—
6,000	—	Fully-secured Creditors (B) . . .	6,000	—	—	—	—	Cash in Office . . .	—	—	—	100	—
.	—	Value of Security . . .	12,000	—	—	—	—	Cash at Bank . . .	—	—	—	900	—
	—	Surplus to contra . . .	6,000	—	—	—	—	Property . . .	—	—	—	56,000	—
	—	Preferential Creditors (G)	—	—	—	—	—	Loans on Mortgage . . .	—	—	—	60,000	—
300	—	Rates, Taxes, and Wages deducted as <i>per contra</i> . . .	300	—	—	—	—	Office Furniture, etc. . .	—	—	—	100	—
	—							Total . . .	—	—	—	117,100	—
	—							Book Debts (I)—	—	—	—	1,000	—
	—							Good . . .	—	—	—	—	—
	—							Doubtful . . .	—	—	—	25,000	—
	—							Bad . . .	—	—	—	1,000	—
	—								—	—	—	£26,000	—
	—							Bills of Exchange (J)	—	—	—	2,000	—
	—							Surplus as <i>per contra</i> (Sch. B) . . .	—	—	—	22	—
	—								—	—	—	6,000	—
	—							TOTAL ASSETS	—	—	—	126,122	—
	—							Deduct for Preferential Creditors as <i>per contra</i> . . .	—	—	—	300	—
	—								—	—	—	125,822	—
	—							Deficiency (K) . . .	—	—	—	74,178	—
	—								—	—	—	£200,000	—
£206,300	—					£200,000	—		—	—	—	—	—





## STATEMENT OF AFFAIRS OF "A":

ON 31ST DECEMBER, 19..

810

EXERCISE XXI—No. 14 (*contd.*).

DEFICIENCY ACCOUNT

	£	s.	d.		£	s.	d.		£	s.	d.
Capital at Commencement . . . . .	50,000	—	—	A's Drawings . . . . .							
Trading Profits . . . . .	30,500	—	—	Bad Debts. . . . .							
Deficiency as per Statement of Affairs . . . . .	19,600	—	—	<i>Estimated Losses on Realization—</i>							
				Stock . . . . .	20,000						
				Fixtures . . . . .	1,500						
				Machinery . . . . .	3,000						
				Cottages. . . . .	500						
				Liability on Bills Discounted . . . . .					25,000		
									3,500		
									£100,100		

STATEMENT OF AFFAIRS OF JOHN HOWSON

EXERCISE XXI—No. 15. ON . . . . .

Gross Liabilities.		LIABILITIES.		Expected to Rank.		ASSETS.		Expected to Produce.	
£	s.	d.	£	s.	d.	£	s.	£	s.
4,000	—	—	Unsecured Creditors (A) . . . . .	1,200	—	Property (H)—		£ 15	—
1,200	—	—	Fully-secured Creditors (B) . . . . .	1,500	—	Cash . . . . .		200	—
			Value of Security . . . . .		—	Furniture, etc. . . . .		1,500	—
			Surplus <i>to contra</i> . . . . .	£300	—	Stock-in-Trade . . . . .		1,500	—
					—	Plant and Machinery. . . . .			
3,000	—	—	Partly-secured Creditors (C) . . . . .	3,000	—	<i>Book Debts (I)—</i>		3,215	—
			Value of Security . . . . .	2,000	—	Good . . . . .		1,000	—
			Liability on Bills Discounted (D) . . . . .	£500	—	Doubtful . . . . .	200		
500	—	—			—	Bad . . . . .	150		
115	—	—	<i>Preferential Creditors—</i>		—		£350		
			Rent (F) . . . . .	15	—	Surplus as <i>per contra</i> (Sch. B) . . . . .		100	—
			Wages (G) . . . . .	100	—			300	—
			Deducted as <i>per contra</i> . . . . .	£115	—	<i>TOTAL ASSETS</i>		4,615	—
					—	<i>Deficit for Preferential Creditors as per contra .</i>		115	—
					—	Deficiency (K) . . . . .		£4,500	—
£8,815	—	—			—			750	—
					—			£5,250	—

EXERCISE XXI—No. 16.

STATEMENT OF AFFAIRS OF JOHN MASON  
ON 31st MARCH, 19..

Gross Liabilities.		LIABILITIES.		Expected to Rank.		ASSETS.		Expected to Produce.	
£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
3,500	—	Unsecured Creditors (A)—				Property (H)—			
		Trade . . . . .	2,500	—		Cash . . . . .		1,500	—
		Cash . . . . .	1,000	—	3,500	Stock . . . . .			1,000
3,543	15	Fully-secured Creditors (B)	3,543	15		Furniture, etc. . . . .		300	—
		(Mortgage on Freehold Land and Buildings) (including 1 Qrs. Interest)				Plant and Machinery . . . . .		1,200	—
		Value of Security (Freehold Land and Buildings) . . . . .	4,500	—		TOTAL . . . . .			1,805
		Surplus to contra . . . . .	956	5		Book Debts (I)—			1,000
1,000	—	Partly-secured Creditors (C)	1,000	—		Good . . . . .		300	—
		Value of Security . . . . .	600	—		Doubtful . . . . .		500	—
300	—	Preferential Creditors (F & G)—			400	Bad . . . . .		£800	—
		Rent, Rates, Taxes, and Wages deducted as <i>per contra</i> . . . . .	300	—		Surplus as <i>per contra</i> (Sch. B) . . . . .			956
						TOTAL ASSETS		3,861	5
						Deduct for Preferential Creditors as <i>per contra</i> . . . . .		300	—
						NET ASSETS . . . . .		3,561	5
						Deficiency (K) . . . . .		338	15
£3,543	15			£3,900	—			£3,900	—

EXERCISE XXI—No. 17.

STATEMENT OF AFFAIRS OF HENRY JONES

ON.....

Gross Liabilities.			LIABILITIES.			Expected to Rank.			ASSETS.			Expected to Produce.		
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
5,365	—	—	<i>Unsecured Creditors (A)—</i>						<i>Property (H)—</i>					
			Open Accounts	.	.	1,865	—	—	Cash	.	.	1,800	—	—
			Bank Overdraft	.	.	1,200	—	—	Stock-in-Trade	.	.	1,200	—	—
			Bills Payable	.	.	2,200	—	—	Fixtures and Fittings	.	.	250	—	—
612	—	—	<i>Fully-secured Creditors (B)—</i>			5,365	—	—	Household Furniture, etc.	.	.	—	—	—
			Mortgage on House of £800 @ 4% (including Interest of £12 due)	.	.	612	—	—	TOTAL	.	.	1,540	—	—
			Value of Security	.	.	750	—	—	<i>Bank Debts (I)—</i>	.	.	1,000	—	—
			Surplus to contra	.	.	138	—	—	Good	.	.	2,000	—	—
500	—	—	Liability on Bills Discounted (D)	.	.	500	—	—	Doubtful	.	.	2,000	—	—
50	—	—	<i>Preferential Creditors—</i>			100	—	—	Bad	.	.	£4,000	—	—
			Rates (G)	.	.	15	—	—	Surplus as <i>per contra</i> (Sch. B)	.	.	138	—	—
			Sundry	.	.	35	—	—	TOTAL ASSETS	.	.	3,678	—	—
			Deducted as <i>per contra</i>	.	.	£50	—	—	Deduct for Preferential Creditors as <i>per contra</i>	.	.	50	—	—
									NET ASSETS	.	.	3,628	—	—
									Deficiency (K)	.	.	1,837	—	—
												£5,465	—	—
£6,527	—	—												



EXERCISE XXI—No. 18.

STATEMENT OF AFFAIRS OF "A"

ON 15TH OCTOBER, 19..

Gross Liabilities.			LIABILITIES.			Expected to Rank.			ASSETS.			Expected to Produce.		
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
23,598	7	6	Unsecured Creditors (A) . . . . .						Property (H)—			31	16	4
			Fully-secured Creditor (B)—						Cash in hand (including Petty Cash) . . . . .			7,468	17	9
			Bank Overdraft . . . . .			6,897	3	6	Stock . . . . .			329	7	2
6,897	3	6	Value of Securities—						Fixtures and Fittings . . . . .			262	8	—
			(a) Freehold Property £6,000/-						Office Furniture . . . . .			585	—	—
			(b) Stock £2,383/10/10			8,383	10	10	Private Assets (consisting of Life Policy £100 held as a security) and Household Furniture) . . . . .			682	5	—
			(as per Dock Warrant)						Horses and Carts . . . . .			9,359	14	3
			Surplus to contra . . . . .			1,486	7	4	TOTAL . . . . .			4,780	3	5
589	2	6	Partly-secured Creditors			589	2	6	Book Debts (I)—			365	—	—
			Value of Security (Life Policy) . . . . .			100	—	—	Good . . . . .			144	—	—
589	17	2	Liability on Bills Discounted (D) . . . . .			589	17	2	Doubtful . . . . .			509	—	—
389	5	3	Contingent Liabilities (E)—						Bad . . . . .			4,283	3	7
182	3	6	Private Debt . . . . .						Bills Receivable (J) . . . . .			1,486	7	4
			Preferential Creditors—			150	—	—	Surplus as per contra (Sch. B) . . . . .			19,804	5	—
			H. Jones for Rent (F) . . . . .			32	3	6	TOTAL ASSETS . . . . .			182	3	6
			Rates (G) . . . . .			£182	3	6	Deduct for Preferential Creditors as per contra . . . . .			19,622	1	6
			Deducted as per contra . . . . .						NET ASSETS . . . . .			5,084	7	2
									Deficiency (K) . . . . .			24,706	8	8
£32,245	19	5				£24,706	8	8						

EXERCISE XXI—No. 19.

STATEMENT OF AFFAIRS OF CATCHEM & CHEETAM  
ON 31ST DECEMBER, 19..

Gross Liabilities.			LIABILITIES.			Expected to Rank.			ASSETS.			Expected to Produce.		
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
50,000	—	—	Unsecured Creditors (A) . . .	10,000	—	50,000	—	—	Property (H)—			1,350	—	—
10,000	—	—	Fully-secured Creditors (B) . . .	50,000	—				Cash and Bills			10,800	—	—
			Value of Security (Works) . . .						Stocks and Work-in-Progress . . .					
			Surplus to contra . . .	40,000	—				Consignments . . .			2,000	—	—
30,000	—	—	Partly-secured Creditors (C) . . .	30,000	—				Furniture and Fittings . . .			2,000	—	—
10,000	—	—	Value of Security (Lien on Stock) . . .	7,200	—	22,800	—		TOTAL			15,150	—	—
1,000	—	—	Liability on Bills Discounted (D) . . .	10,000	—	3,000	—		Book Debts (I)—			18,000	—	—
			Preferential Creditors (G)—						Good . . .					
			Salaries and Rates Deducted as						Doubtful . . .			6,000	—	—
			per contra . . .	1,000	—				Bad . . .			15,650	—	—
									Surplus as per contra (Sch. B) . . .			3,000	—	—
									TOTAL ASSETS . . .			40,000	—	—
									Deduct for Preferential Creditors as per contra			76,150	—	—
									Net Assets . . .			1,000	—	—
									Deficiency (K) . . .			75,150	—	—
												650	—	—
												£75,800	—	—

Note.—As Stock realized £18,000 instead of £25,000, the value of lien held by Partly-secured Creditors would be only equal to  $\frac{2}{3}$  of £10,000.

EXERCISE XXI—No. 19 (*contd.*).

## DEFICIENCY ACCOUNT

	f	s.	d.		f	s.	d.
Capital at Commencement . . . . .	-	-	-		-	-	-
<i>Trading Profits—</i>				<i>Trading Losses—</i>			
1st year . . . . .	12,000	-	-	2nd year . . . . .	83,000	-	-
2nd year . . . . .	10,500	-	-	3rd year . . . . .	-	-	-
				4th year . . . . .	-	-	-
Deficiency as per Statement of Affairs . . . . .	-	-	-	5th year . . . . .	-	-	-
				Partners' Drawings, £5,500 p.a. for 5 years	-	-	-
				Bad Debts, . . . . .	-	-	-
				<i>Estimated Losses on Realization—</i>			
				Stocks and Work-in-Progress . . . . .	-	-	-
				Consignments . . . . .	7,000	-	-
				Furniture and Fittings . . . . .	18,000	-	-
				Works . . . . .	1,000	-	-
					25,000	-	-
				Liability on Bills Discounted . . . . .	-	-	-
					51,000	-	-
					3,000	-	-
				Total	<u>£106,150</u>	-	-

EXERCISE XXI—No. 20.

STATEMENT OF AFFAIRS OF "A"

ON 30TH JUNE, 19..

Gross Liabilities.		* LIABILITIES.		Expected to Rank.		ASSETS.		Expected to Produce.	
£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
29,800	—	Unsecured Creditors (A)	—	29,800	—	Property (H)—	—	—	—
2,000	—	Fully-secured Creditors (B)	2,000	—	—	Cash in hand	—	10	—
2,000	—	Value of Security (Property)	2,200	—	—	Stock-in-trade	—	4,950	—
—	—	Surplus to <i>contra</i>	200	—	—	Fixtures and Fittings	—	230	—
5,000	—	Partly-secured Creditors (C)	5,000	—	—	TOTAL	—	5,190	—
—	—	Value of Securities	1,550	—	—	Book Debts (I)—	—	7,312	10
1,500	—	Liability on Bills Discounted	1,500	—	—	Good	—	120	—
—	—	Preferential Creditors—	—	—	—	Doubtful	—	150	—
—	—	Rates and Taxes (G) Deducted as <i>per contra</i>	240	—	—	Bad	—	£270	—
940	—					Surplus as <i>per contra</i> (Sch. B)	—	40	—
—	—					TOTAL ASSETS	—	200	—
—	—					Deduct for Preferential Creditors as <i>per contra</i>	—	12,742	10
—	—					Deficiency (K)	—	240	—
—	—					Net Assets	—	12,502	10
—	—						—	21,047	10
£38,540	—			£33,550	—		—	£33,550	—

DEFICIENCY ACCOUNT

Capital at Commencement		£		£		£		£	
1st year	2nd year	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Trading Profits—		—	—	—	—	—	—	—	—
1st year	2nd year	2,100	—	5,000	—	—	—	7,500	—
2nd year		420	—	—	—	—	—	2,667	10
Deficiency as per Statement of Affairs		—	—	2,520	—	—	—	15,500	—
		—	—	21,047	10	—	—	—	—
		—	—	£28,567	10	—	—	2,600	—
		—	—	—	—	—	—	300	—
		—	—	—	—	—	—	£28,567	10

## STATEMENT OF AFFAIRS OF ALFRED SYKES

ON 31ST DECEMBER, 19..

818

## DEFICIENCY ACCOUNT

819

EXERCISE XXI—No. 22.

STATEMENT OF AFFAIRS OF NATHAN THORPE

ON 20TH MARCH, 19..

Gross Liabilities.			LIABILITIES.			Expected to Rank.			ASSETS.			Expected to Produce.		
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
3,150	13	4	Unsecured Creditors (A) :			3,150	—	—	Property (H)—					
4,566	13	4	Fully-secured Creditors (B) :	4,566	13	4	—	—	Cash in hand .			1,000	—	—
			Value of Securities . :	5,500	—	—	—	—	Stock-in-trade .			600	—	—
			Surplus to List C . :	933	6	8	—	—	Loose Tools, Plant, etc.			350	—	—
1,025	—	—	Partly-secured Creditors (C) . :	1,025	—	—	—	—	Household Furniture.			250	—	—
			Value of Securities—						£1 Shares in Hole Mine Co. (500, 5/- paid) :			250	—	—
			Surplus from B . :	933/6/8					TOTAL .			1,205	—	—
			Bal. of Value of Life Policy 20/-	20/-					Book Debts (I)—			285	—	—
375	—	—	Contingent Liabilities (E)—						Good			800	—	—
			Hole Mine Co., Ltd.						Doubtful :			2,000	—	—
140	—	—	(15/- per share due on 500 £1 shares)						Bad .			£2,800	—	—
			Preferential Creditors—											
			Rent (F) . :	95	—	—			TOTAL ASSETS			1,690	—	—
			Rates and Taxes (G) . :	45	—	—			Deduct for Preferential Creditors as <i>per contra</i> .			140	—	—
			Deducted as <i>per contra</i> .	140	—	—			NET ASSETS .			1,550	—	—
									Deficiency (K) .			2,046	13	4
£9,256	13	4										£3,596	13	4

EXERCISE XXI—No. 23.

STATEMENT OF AFFAIRS OF JOHNSON & CALEY  
ON 31ST DECEMBER, 19..

Gross Liabilities.		LIABILITIES.		Expected to Rank.		ASSETS.		Expected to Produce	
£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
25,000	—	Unsecured Creditors (A) . . .	17,000	—	—	Property (H)—			
17,000	—	Fully-secured Creditors (B) . . .	25,000	—	—	Cash . . .		250	—
	—	Value of Securities . . .	—	—	—	Shares . . .		5,000	—
	—	Surplus to contra . . .	8,000	—	—	Property . . .		9,000	—
23,900	—	Partly-secured Creditors (C) . . .	23,900	—	—	TOTAL . . .		14,250	—
	—	Value of Securities . . .	3,000	—	—	Book Debts (I)—			
750	—	Preferential Creditors (C)—	—	—	—	Good . . .		600	—
	—	Wages, Salaries, and Taxes deducted	750	—	—	Doubtful . . .		1,000	—
	—	as per contra . . .	—	—	—	Bad . . .		—	—
	—					TOTAL . . .		1,600	—
	—					Bills Receivable (J) . . .		200	—
	—					Surplus as per contra (Sch. D) . . .		4,250	—
	—					TOTAL ASSETS . . .		8,000	—
	—					Deduct for Preferential Creditors as per contra . . .		27,950	—
	—					NET ASSETS . . .		750	—
	—					Deficiency (K) . . .		27,200	—
	—							18,700	—
£66,650	—							£45,900	—

DEFICIENCY ACCOUNT

Capital at Commencement		Sundry Losses		Expected to Rank.		ASSETS.		Expected to Produce	
£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
26,000	—	Partners' Drawings—	—	—	—	Property (H)—			
18,700	—	Johnson . . .	—	—	—	Cash . . .		250	—
	—	Caley . . .	—	—	—	Shares . . .		5,000	—
	—	Bad Debts . . .	—	—	—	Property . . .		9,000	—
	—	Trade Expenses . . .	—	—	—	TOTAL . . .		14,250	—
	—	Estimated Losses on Realization—	—	—	—	Book Debts (I)—			
	—	Property . . .	—	—	—	Good . . .		600	—
	—					Doubtful . . .		1,000	—
	—					Bad . . .		—	—
	—					TOTAL . . .		1,600	—
	—					Bills Receivable (J) . . .		200	—
	—					Surplus as per contra (Sch. D) . . .		4,250	—
	—					TOTAL ASSETS . . .		8,000	—
	—					Deduct for Preferential Creditors as per contra . . .		27,950	—
	—					NET ASSETS . . .		750	—
	—					Deficiency (K) . . .		27,200	—
	—							18,700	—
	—							£45,900	—



## EXERCISE XXI—No. 24.

## ROBINSON BROS.' BALANCE SHEET

AS AT 3RD APRIL, 19..

LIABILITIES.			ASSETS.		
	£	s. d.		£	s. d.
Cash Creditors . . .	26,092	— —	Cash . . . . .	843	— —
Trade Creditors . . .	31,280	— —	Bank . . . . .	1,050	— —
Creditors . . . . .	2,128	— —	Debtors . . . . .	2,975	— —
			Stock . . . . .	30,155	— —
			Fixtures . . . . .	1,400	— —
			Life Policies . . . .	2,353	— —
			Properties . . . . .	14,395	— —
			Partners Overdrawn—		
			Alfred . . . . .	£2,885	
			Benjamin . . . . .	2,262	
			Charles . . . . .	1,182	
				6,329	— —
	£ 59,500	— —		£ 59,500	— —

## ALFRED ROBINSON'S BALANCE SHEET

AS AT 3RD APRIL, 19..

LIABILITIES.			ASSETS.		
	£	s. d.		£	s. d.
Cash Creditors . . .	2,578	— —	Household Furniture .	1,000	— —
Tradesmen . . . . .	697	— —	Other Effects . . . .	3,000	— —
Amount due to Partnership . . . . .	2,885	— —	Deficiency . . . . .	2,160	— —
	£6,160	— —		£6,160	— —

## Notes.—

(a) It has been assumed that the Securities held by the Fully-secured Creditors, i.e. the amount of £14,395 would be represented by Property of the firm.

(b) The item "Other Effects" represents the "Securities" held by the Cash Creditors.

(c) The "Securities" have been assumed not to have represented the ACTUAL taking over of assets at time of making Balance Sheets.

EXERCISE XXI—No. 24 (*contd.*).

## BENJAMIN ROBINSON'S BALANCE SHEET

AS AT 3RD APRIL, 19..

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Tradesmen . . . .	119	—	—	Household Furniture . .	1,000	—	—
Amount due to Partnership . . . .	2,262	—	—	Deficiency . . . . .	1,381	—	—
	<u>£2,381</u>	—	—		<u>£2,381</u>	—	—

## CHARLES ROBINSON'S BALANCE SHEET

AS AT 3RD APRIL, 19..

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Cash Creditors . . . .	510	—	—	Household Furniture . .	500	—	—
Tradesmen . . . . .	190	—	—	Reversionary Interest . .	200	—	—
Amount due to Partnership . . . .	1,182	—	—	(under Will of J. Smith)			
	<u>£1,882</u>	—	—	Deficiency . . . . .	1,182	—	—
					<u>£1,882</u>	—	—

## STATEMENT OF AFFAIRS OF ALFRED ROBINSON

ON 3RD APRIL, 19..

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Unsecured Creditors (A)	697	—	—	Property (H)—			
Fully-secured Creditors (B) £2,578				Household Furniture	1,000	—	—
Value of Security . . 3,000				Surplus as <i>per contra</i> . (Sch. B)	422	—	—
Surplus to <i>contra</i> . . 422							
SURPLUS to Partnership	725	—	—				
	<u>£1,422</u>	—	—		<u>£1,422</u>	—	—

EXERCISE XXI—No. 24 (*contd.*).

## STATEMENT OF AFFAIRS OF BENJAMIN ROBINSON

ON 3RD APRIL, 19..

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Unsecured Creditors (A)	119	—	—	<i>Property</i> (H)—			
SURPLUS to Partnership	881	—	—	Household Furniture	1,000	—	—
	<u>£1,000</u>	—	—		<u>£1,000</u>	—	—

## STATEMENT OF AFFAIRS OF CHARLES ROBINSON

ON 3RD APRIL, 19..

LIABILITIES.	£	s.	d.	ASSETS.	£	s.	d.
Unsecured Creditors (A)	700	—	—	<i>Property</i> (H)—			
				Household Furniture .	£500		
				Reversionary Interest .	200		
				(under Will of J. Smith)	—	700	—
	<u>£700</u>	—	—		<u>£700</u>	—	—

EXERCISE XXI—No. 24 (*contd.*).

STATEMENT OF AFFAIRS OF ROBINSON BROS.

ON 3RD APRIL, 19..

Gross Liabilities.		LIABILITIES.		Expected to Rank.		ASSETS.		Expected to Produce.	
£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
37,922	—	Unsecured Creditors (A)	—	37,922	—	Property (H)—	—	843	—
10,435	—	Fully-secured Creditors (B)	—	—	—	Cash in hand	—	1,050	—
14,395	—	Value of Securities	—	—	—	Cash at Bank	—	30,155	—
—	—	Surplus to <i>contra</i>	—	—	—	Stock-in-Trade	—	1,400	—
—	—	Partly-secured Creditors (C)	—	—	—	Surplus from Estates:	—	—	—
9,015	—	Value of Securities	—	—	—	Alfred Robinson	725	—	—
1,340	—	Liabilities on Bills Discounted (D)	—	—	—	Benjamin Robinson	881	—	—
2,128	—	Preferential Creditors, deducted as <i>per contra</i>	—	—	—	TOTAL	—	1,606	—
—	—	—	—	—	—	Book Debts (I)—	—	35,054	—
—	—	—	—	—	—	Good	—	2,975	—
—	—	—	—	—	—	Surplus as <i>per contra</i> (Sch. B)	—	3,960	—
—	—	—	—	—	—	TOTAL ASSETS	—	41,989	—
—	—	—	—	—	—	Deduct for Preferential Creditors as <i>per contra</i>	—	2,128	—
—	—	—	—	—	—	Net ASSETS	—	39,861	—
—	—	—	—	—	—	Deficiency (K)	—	4,723	—
£60,840	—	—	—	£44,584	—	—	—	44,584	—

EXERCISE XXI—No. 25.

STATEMENT OF AFFAIRS OF WOOD & SMITH

ON 1ST FEBRUARY, 19..

Gross Liabilities.			LIABILITIES.			Expected to Rank.			ASSETS.			Expected to Produce.					
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.			
25,000	5	6	<i>Unsecured Creditors (A)—</i>						<i>Property (H)—</i>								
			Trade	.	.	23,000	5	6				Cash in hand	.	.	65	4	10
			"A's" Loan	.	.	2,000	—	—				Cash at Bank	.	.	270	14	2
									25,000	5	6	Stock	.	.	1,275	6	10
4,600	—	—	Partly-secured Creditors (B)	.	.	4,600	—	—				Fixtures, etc.	.	.	400	—	—
			Value of Security	.	.	4,000	—	—									
240	12	6	Preferential Creditors (G), deducted as <i>per contra</i>	.	.	240	12	6	600	—	—	TOTAL	.	.	1,811	5	10
												<i>Book Debts (I)—</i>			820	—	—
												Good	.	.	72	15	9
												Doubtful	.	.	41	5	—
												Bad	.	.	£114	—	9
												TOTAL ASSETS	.	.	2,549	5	10
												<i>Deduct for Preferential Creditors as per contra.</i>	.	.	240	12	6
												NET ASSETS	.	.	2,308	13	4
												Deficiency (K)	.	.	23,291	12	2
															£25,600	5	6
£29,840	18	—							£25,600	5	6						

EXERCISE XXI—No. 26.

TRUSTEES' FINAL STATEMENT OF ACCOUNT

To Total Receipts from Date of Receiving Order—	£	s.	d.	£	s.	d.
Cash . . . . .	10	—	—			
Stock . . . . .	800	—	—			
Fittings . . . . .	115	—	—			
Property . . . . .	150	—	—			
Sundry Debtors . . . . .	335	—	—			
Surplus from "A's" estate .	120	—	—			
				1,530	—	—
				<u>£1,530</u>	—	—
By Legal Expenses . . . . .						
" Trustees' Remuneration—						
5% on £1,530 assets realized .						
5% on £1,285 assets distributed						
" Creditors, viz.—						
Preferential Creditors . .				160	—	—
Sundry Creditors . . . . .				1,125	—	—
(Composition of 12/6 in £)						
" A's" Estate . . . . .						
				1,285	—	—
				69	5	—
				<u>£1,530</u>	—	—

EXERCISE XXI—No. 27.

TRUSTEES' FINAL STATEMENT OF ACCOUNT

To Total Receipts from Receiving Order—	Date	£	s.	d.
Cash and Bank . . . . .	.	4	7	11
Miscellaneous . . . . .	.	13	12	8
Investments . . . . .	.	40	13	2
Life Policies . . . . .	.	565	—	—
Sundry Debtors . . . . .	.	2,135	5	11
		2,758	19	8
Less—				
Refund of Cost of Petition	£5			
Redemption of Policies	375/16/6			
		380	16	6
		2,378	3	2
		£2,378	3	2

TRUSTEES' FINAL STATEMENT OF ACCOUNT

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## EXERCISE XXI—No. 29.

## JOURNAL

		£	s.	d.	£	s.	d.
19..							
Jan. 1	Dodd . . . . .	500	-	-			
	To Loose Plant . . . . .				500	-	-
	Sale of horses.						
" 1	Cash . . . . .	100	-	-			
	Bills Receivable . . . . .	400	-	-			
	To Dodd . . . . .				500	-	-
	Receipt of £100 in cash and four acceptances, each of the value of £100, for periods of 1, 2, 3, 4 mos. respectively.						
" 3	Bank . . . . .	195	-	-			
	Discount . . . . .	5	-	-			
	To Bills Receivable . . . . .				200	-	-
	Acceptances due 4th Feb. and 4th Mar. discounted.						
" 31	Dodd . . . . .	100	-	-			
	To Bank . . . . .				100	-	-
	(For his request for non-presentment of bill due 4th Feb.)						
Apr. 5	Bank . . . . .	100	-	-			
	To Bills Receivable . . . . .				100	-	-
	Dodd's bill honoured.						
" 6	Dodd . . . . .	100	-	-			
	To Bills Receivable . . . . .				100	-	-
	For cancellation of bill due 4th May.						
" 6	Bank . . . . .	200	-	-			
	To Dodd . . . . .				200	-	-
	Settlement of Dodd's Account.						
May 1	Bank . . . . .	2	15	-			
	To Bradley Account . . . . .				2	15	-
	Dividend of 6/6 in the £ received.						



EXERCISE XXI—No. 29 (*contd.*).JOURNAL—(*contd.*).

19..		£	s.	d.	£	s.	d.
May 1	Bad Debts Account . . . . .	7	5	—			
	To Bradley . . . . .				7	5	—
	Balance of Bradley's A/c irrecoverable.						
" 2	Bank . . . . .	5	—	—	5	—	—
	To Bad Debts Recovered . . . . .						
	Sum received from James, whose account had been written off as bad.						
" 3	Earle & Co. . . . .	100	—	—	100	—	—
	To Sales . . . . .						
	Goods consigned to Earle & Co.						
" 4	Joint Account . . . . .	500	—	—	500	—	—
	To French . . . . .						
	Tea purchased on Joint A/c with Brockle						
" 5	Bank . . . . .	250	—	—	250	—	—
	To Brockle . . . . .						
	Receipt of Brockle's half of cost of tea purchased in venture.						
" 6	Bank . . . . .	700	—	—	700	—	—
	To Joint Account . . . . .						
	Sale for cash of tea on venture.						
" 7	Joint Account . . . . .	18	6	—	18	6	—
	To Commission, etc. . . . .						
	Commission and expenses of sale of tea on venture.						
" 7	Joint Account . . . . .	90	17	—	90	17	—
	To Brockle . . . . .						
	Transfer of share of gain on venture						
" 7	Brockle . . . . .	340	17	—	340	17	—
	To Cash . . . . .						
	Payment of amount due to Brockle.						
		<u>£3,715</u>	—	—	<u>£3,715</u>	—	—

<i>Dr.</i>		JOINT ACCOUNT						<i>Cr.</i>	
19..		£	s.	d.	19..		£	s.	d.
May 4	To French . . . . .	500	—	—	May 6	By Cash . . . . .	700	—	—
" 7	" Commission, etc. . . . .	18	6	—					
	(Expenses)								
" 7	" Brockle . . . . .	90	17	—					
	( $\frac{1}{2}$ share of Profit)								
" 7	" Profit and Loss A/c . . . . .	90	17	—					
		<u>£700</u>	—	—			<u>£700</u>	—	—

EXERCISE XXI—No. 29 (*contd.*).

Dr.		DODD				Cr.		
19..		£	s.	d.	19..	£	s.	d.
Jan. 1	To Loose Plant . .	500	—	—	Jan. 1	By Bills Receivable . .	400	—
" 31	" Bank . .	100	—	—	" 1	" Cash . .	100	—
Apr. 6	" Bills Receivable . .	100	—	—	Apr. 6	" " . .	200	—
		£700	—	—			£700	—

*Note.*—The account of Dodd has been shown to add clearness to the solution.

## EXERCISE XXI—No. 30

An Accommodation Bill is a Bill of Exchange given by one person to another for the mutual benefit of both parties; or for the benefit of either party. It is distinguished from an ordinary B/E, as no value is given for it.

## JONES' JOURNAL

19..		£	s.	d.	£	s.	d.
Jan. 1	Jas. Smith . . . . .	1,000	—	—	1 000	—	—
	To Bills Payable . . . . .						
	For bill of £1,000 for 3 mos. drawn for their mutual accommodation.						
" 1	Bank . . . . .	495	—	—			
	Discount . . . . .	5	—	—			
	To Jas. Smith . . . . .				500	—	—
	For share of proceeds of bill and discount charges.						
Mar. 31	Bills Receivable . . . . .	1,100	—	—			
	To Jas. Smith . . . . .				1,100	—	—
	For B/E to provide funds to meet bill of £1,000 for 3 mos.						
" 31	Bank . . . . .	1,090	—	—			
	Discount . . . . .	10	—	—			
	To Bills Receivable . . . . .				1,100	—	—
" 31	Jas. Smith . . . . .	44	—	—			
	To Cash . . . . .				44	—	—
June 29	Jas. Smith . . . . .	1,100	—	—			
	To Bills Receivable . . . . .				1,100	—	—
	For bill dishonoured by Jas. Smith becoming bankrupt.						
Dec. 31	Cash . . . . .	272	—	—			
	Bad Debts Account . . . . .	272	—	—			
	To Jas. Smith . . . . .				544	—	—
	For composition of 10/- in £ on balance of £544, and balance written off as being irrecoverable.						
		£5,388	—	—	£5,388	—	—

EXERCISE XXI—No. 31.

(a) Capital Expenditure relates to outlay on acquiring assets for the purpose of earning income, whereas Revenue Expenditure consists of current expenditure incurred in running a business.

The amount of £250 12s. 8d. must be regarded as Revenue Expenditure for the following reasons—

(i) Duplicate parts are in the nature of "replacements."

(ii) The original plant would have been estimated at a price inclusive of its delicate parts, and any duplicate parts or repaired parts are in the nature of replacements.

(b) See *Advanced Accounts*, page 152 (under “Secret Reserves”).

EXERCISE XXI—No. 32.

TOILET REQUISITES CO.

Dr. PROFIT AND LOSS ACCOUNT Cr.

[illegible]

EXERCISE XXI—No. 33.

BANK CASH BOOK (PAYMENTS)

Date.	Particulars.	Discount.	Cash.	Bank.	Bought Ledger.	Sales Ledger.	General Ledger.	Private Ledger.
		£ s. d.		£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
19 <sup>th</sup> Jan.	By Wages . . .			£ 27 13 6			£ 27 13 6	
11 "	" D. Dunlop . .	8 14 8		165 18 6	174 13 2			
11 "	" Wages . . .			31 14 8			31 14 8	
13 "	" Bills Payable .			270 10 6			270 10 6	
16 "	" E. Ernest . .	4 6 9		82 9 -	86 15 9			
17 "	" Petty Cash . .			10 - -				
18 "	" Drawings . .			50 - -				
18 "	" Wages . . .			29 2 10			29 2 10	
19 "	" Purchases A/c .			50 10 5			50 10 5	
24 "	" J. Smith . . .			150 7 6				
25 "	" F. Franklin . .			206 9 6	217 6 10	150 7 6		
		£ 23 18 9		£ 1,074 16 5	£ 478 15 9	£ 150 7 6	£ 409 11 11	£ 50 - -

Note.—See *Advanced Accounts*, Chapter IX, for *pro forma* examples of Adjustment Accounts.

## Dr.

## REALIZATION ACCOUNT

19..	To Sundry Assets	19..	By Cash	£	s. d.	£	s. d.
		19..	Balance, Loss on			30,000	—
			Realization—				
			Brown's share				
			= $\frac{3}{4}$ of £8,000	6,000	—		
			Robinson's share				
			= $\frac{1}{4}$ of £8,000	2,000	—	8,000	—
						<u>38,000</u>	<u>—</u>
						£	—

## CASH ACCOUNT

19..	To Realization A/c.	19..					
			£	s.	d.	£	s.
			30,000	—	—	By Sundry Creditors	9,000
						" Mortgage	3,000
						" Bills Payable	1,000
						" Brown's Capital A/c	9,000
						" Robinson's Cap. A/c	8,000
			£ 30,000	—	—		£ 30,000

*Note.*—Brown receives £9,000 = (Capital Balance £15,000 - Share of Loss on Realization Account £6,000).  
 Robinson receives £8,000 = (Capital Balance £10,000 - Share of Loss on Realization Account £2,000).

## EXERCISE XXI—No. 35.

## JOURNAL OF FREESTONE &amp; CO., LTD.

19..		£	s.	d.	£	s.	d.
	Depreciation Account. . . . .	8,000	—	—			
	To Plant Account . . . . .				8,000	—	—
	10% of £80,000.						
	Profit and Loss Account . . . . .	8,000	—	—			
	To Depreciation . . . . .				8,000	—	—
	Balance transferred.						
	Debenture Interest . . . . .	750	—	—			
	To Debenture-holders . . . . .				375	—	—
	„ Income Tax . . . . .				375	—	—
	Half-year's Debenture Interest provided: 5% of £30,000 for 6 mos., less tax @ 10/-.						
	Profit and Loss Account . . . . .	750	—	—			
	To Debenture Interest . . . . .				750	—	—
	Balance transferred.						
		£ 17,500	—	—	£ 17,500	—	—
	Ordinary Share Dividend . . . . .	7,000	—	—			
	To Ordinary Shareholders . . . . .				3,500	—	—
	„ Income Tax . . . . .				3,500	—	—
	Dividend provided @ 10%, less Income Tax @ 10/-.						
	Profit and Loss Account . . . . .	11,250	—	—			
	To Appropriation Account . . . . .				11,250	—	—
	Balance transferred.						
	Appropriation Account . . . . .	7,000	—	—			
	To Ordinary Share Dividend . . . . .				7,000	—	—
	Balance transferred.						
		£ 25,250	—	—	£ 25,250	—	—

CASH BOOK  
(CREDIT SIDE)

		Bank.		
19..		£	s.	d.
	By Ordinary Shareholders . . . . .	3,500	—	—

EXERCISE XXI—No. 36.

BLACK, KELLY & CO., LTD.

BALANCE SHEET AS AT 31st MARCH, 19..

CAPITAL AND LIABILITIES.		PROPERTY AND ASSETS.					
	£	s.	d.	£	s.	d.	£
<i>Nominal Capital</i> . . . . .	100,000	—	—				30,000
<i>Issued Capital—</i>							15,000
50,000 6% Cumulative Preference Shares fully paid . . . . .				50,000	—	—	12,000
10,000 Ordinary Shares of £5 each, £2 called up . . . . .	20,000	—	—				15,000
Less Unpaid Calls . . . . .	100	—	—				1,000
Mortgage Debentures . . . . .				19,900	—	—	1,635
Reserve A/c . . . . .				10,000	—	—	50
Sundry Creditors . . . . .				500	—	—	
				4,500	—	—	10,215
				<u>£84,900</u>	—	—	<u>£84,900</u>

EXERCISE XXI—No. 37.

THE IDEAL NEWSPAPER CO., LTD.

REVENUE ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Dr.

Cr.

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st Jan. . . . .									
" Purchases of—									
Paper . . . . .	8,250	—	—				22,650	—	—
Ink . . . . .	475	—	—				350	—	—
" Wages	1,000	—	—				3,000	—	—
Add Reserve for Wages . . . . .	48	—	—						
" Salaries . . . . .				1,048					
" Trade Charges . . . . .				9,290					
" Correspondence . . . . .				7,860					
" Discounts Allowed . . . . .				4,365					
" Commission . . . . .				855					
" Printing and Stationery . . . . .				380					
" Free Copies . . . . .				110					
" Bad Debts . . . . .				695					
" Repairs . . . . .				75					
" Bad Debts Reserve (amount provided). . . . .				155					
" Discount Reserve on Debtors (amount provided) . . . . .				200					
" Depreciation—				350					
Freehold Property (1% of £28,000) . . . . .	280	—	—						
Plant and Machinery { 71% of £9,500 } . . . . .	749	5	—						
Linotype Installation { 10% of £1,300 } . . . . .	136	15	—						
Motor Vans, etc. { 15% of £845 } . . . . .	133	10	—						
" Balance, Net Profit for year . . . . .				1,299	10	—			
				3,239	5	—			
				£ 40,336	15	—			
							£ 40,336	15	—





## EXERCISE XXI—No. 38.

THE SYLHET TEA PLANTATIONS LTD.

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..:

	£	s.	d.	£	s.	d.
To Boxes Purchased						
By Sales of Tea						
" Stock, 31st Dec.						
	4 400			672		
European	9 527					
Native						
				13 927		
Crop Expenses				3 200		
" Manufacturing Expenses				2 480		
" Balance, Gross Profit c/d				21 435		
				41 714		
				£		
To Rent and Rates.						
" Machinery Repairs				543		
" General Charges.				423		
" Hospital Expenses				331		
" Marine Insurance				1 565		
" Fire Insurance				248		
" Law Charges				120		
" Directors' Fees				32		
" London Office Account (Salaries and Expenses)				350		
" Auditor's Fees				1 021		
" Freight Charges.				52		
" Manager's Commission				2 035		
" Calcutta Agency Expenses				1 030		
" Bad Debts Reserve (5% of £8,400)				1 745		
" Depreciation				420		
" Machinery and Plant (10% of £3,700)				370		
" Balance, NET Profit c/d				11 155		
				£		
				21 440		

<i>Dr.</i>	APPROPRIATION ACCOUNT						<i>Cr.</i>
			<i>s.</i>	<i>d.</i>		<i>s.</i>	<i>d.</i>
			£			£	
To Dividend Paid . . . . .	.	.	8,100	—	By Balance, 1st Jan. . . . .	.	10,500
" Reserve Account . . . . .	.	.	3,000	—	" Current Year's Profit . . . . .	.	11,155
" Balance to Balance Sheet . . . . .	.	.	10,555	—			21,655
			£	21,655			£







EXERCISE XXII—No. 1.

STATEMENT OF AFFAIRS OF EXPRESS PARCELS SERVICE, LTD., AS AT 29TH FEBRUARY, 19..

	£	s.	d.	Book Value		Estimated to Produce	
				£	s. d.	£	s. d.
Unsecured Creditors	.	.	.	.	.	.	.
Secured Creditors	.	.	.	.	.	.	.
Less value of security	.	.	.	.	.	.	.
Expected to rank	.	.	.	.	.	.	.
Preferential Creditors	.	.	.	.	.	.	.
Deduct per Contra.	.	.	.	.	.	.	.
	3,250	—	—	5,650	—	3,200	—
	3,000	—	—	1,200	—	500	—
				975	—	325	—
				1,460	—	810	—
	80	—	—			4,835	—
						600	—
				500	—		
				150	—	300	—
						5,735	—
						80	—
						5,655	—
						725	—
						£6,380	—

Motor Vans . . . . .

Machines and Tools . . . . .

Furniture and Fittings . . . . .

Stores and Spares . . . . .

Book Debts—

Good . . . . .

Doubtful . . . . .

Estimated to produce . . . . .

Bad . . . . .

Less Preferential Creditors per contra . . . . .

Deficiency . . . . .

Dividends on £10,000 7 per cent Preference Shares are in arrear for one year.

## STATEMENT OF AFFAIRS OF UNSOUND, LTD., AT .....

844

## PRESTON &amp; CO., LIMITED

# LIQUIDATOR'S FINAL STATEMENT OF RECEIPTS AND PAYMENTS

845

Bankruptcy Hall,  
London.

G. K. BUCKNALL, F.C.A.,

*Liquidator.*



A. COMPANY, LTD. (IN VOLUNTARY LIQUIDATION)

## LIQUIDATOR'S FINAL STATEMENT OF RECEIPTS AND PAYMENTS

Should any further information be desired by Creditors or Contributors, I shall be happy to furnish it.

21 Walbrook Street,  
London, E.C.2.

5th July, 19..

H. L. PEARCE,  
Incorporated Accountant.

*Liquidator.*

EXERCISE XXII—No. 5.

STATEMENT OF AFFAIRS OF FREDERICK AYLING AT .....

LIABILITIES		ASSETS	
£	s. d.	£	s. d.
1,200	—	1,200	—
	•	1,600	—
	•	400	—
	•	—	—
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EXERCISE XXII.—No. 6.

STATEMENT OF AFFAIRS OF S. BROKE AT 1ST APRIL, 1936

£	s.	d.	£	s.	d.	Expected to Rank		£	s.	d.	Estimated to Produce	
						£	s.				£	s.
2,000	—	—									800	—
900	—	—	900	—	—	2,000	—				1,600	—
			800	—	—						150	—
200	—	—	200	—	—	100	—					50
												850
												380
											1,230	—
											200	—
											1,030	—
											1,070	—
											£2,100	—
Unsecured Creditors . . . . .			Stock-in-Trade . . . . .									
Creditors partly Secured . . . . .			Fixtures and Fittings . . . . .									
Estimated Value of Security . . . . .			Book Debts . . . . .									
Preferential Creditors deducted contra . . . . .			Deduct preferential creditors per contra . . . . .									
			Deficiency explained in Deficiency Account . . . . .									
£3,100						£2,100						

DEFICIENCY ACCOUNT OF S. BROKE

£	s.	d.	£	s.	d.	£	s.	d.	Estimated losses on Realization—	£	s.	d.
									Business Premises . . . . .	200	—	—
									Fixtures and Fittings . . . . .	100	—	—
									Stock-in-Trade . . . . .	800	—	—
									Book Debts . . . . .	70	—	—
									Household and Personal Expenses from 1st April, 1935, to 1st April, 1936 . . . . .	1,170	—	—
											740	—
											£1,910	—

EXERCISE XXII—No. 7.

BALANCE SHEET OF JAMES GIBSON, AS AT 1ST JULY, 19..

LIABILITIES AND CAPITAL				ASSETS			
£	s.	d.		£	s.	d.	
Sundry Creditors . . . . .	1,242	2	9	Cash . . . . .	17	2	9
Bank . . . . .	1,750	-	-	Sundry Debtors . . . . .	650	-	-
Loan on Mortgage . . . . .	1,750	-	-	Stock-in-Trade . . . . .	725	-	-
Capital . . . . .	1,000	-	-	Fixtures and Fittings . . . . .	300	-	-
				Premises . . . . .	2,500	-	-
				Goodwill . . . . .	800	-	-
					£4,992	2	9

STATEMENT OF AFFAIRS OF JAMES GIBSON, AS AT 1ST JULY, 19..

LIABILITIES				ASSETS			
£	s.	d.		£	s.	d.	
Unsecured Creditors . . . . .	1,242	2	9	Cash in hand . . . . .	725	-	-
Creditors fully secured . . . . .	1,750	-	-	Stock-in-Trade . . . . .	300	-	-
Estimated value of security . . . . .	2,400	-	-	Estimated to produce Fixtures and Fittings . . . . .	650	-	-
Surplus carried to Partly-secured Creditors . . . . .	650	-	-	Estimated to produce Household Furniture . . . . .	125	-	-
Creditors partly secured . . . . .	1,000	-	-	Book Debts . . . . .	200	-	-
Less estimated value of security . . . . .	650	-	-	Good . . . . .	100	-	-
Expected to rank . . . . .	30	-	-	Doubtful: £150 . . . . .	962	2	9
Contingent liability under guarantee expected to rank . . . . .				Estimated to produce Bad: £300 . . . . .	660	-	-
				Deficiency . . . . .	£1,622	2	9

EXERCISE XXII—No. 8.

STATEMENT OF AFFAIRS OF WILLIAM GIMBLETT AT 15TH JANUARY, 19..

Gross Liabilities		LIABILITIES		ASSETS					
£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
3,720	—	Unsecured Creditors	—	Furniture	—	—	—	150	—
3,860	—	Creditors fully secured: Bank	—	Loan to friend	—	—	—	200	—
	—	Estimated value of security	—	Book Debts—	—	—	—	1,060	—
	—	Surplus to contra	—	Good	—	—	—		—
	—	Insurance Company	—	Doubtful	—	—	—		—
350	—	Estimated value of security	—	Estimated to produce	—	—	—		—
	—	Surplus to contra	—	Bad	—	—	—	60	—
	—	Creditors partly secured	—	Surplus in hands of Fully-secured Creditors <i>per contra</i>	—	—	—	290	—
300	—	Estimated value of security	—		—	—	—		—
	—	Expected to rank	—	Deduct Preferential Creditors <i>per contra</i>	—	—	—	1,760	—
90	—	Preferential Creditors deducted <i>contra</i>	—	Deficiency	—	—	—	1,670	—
	—	Contingent liability on Bills discounted	—	Dividend 8s. 2d. in the £.	—	—	—	2,100	—
	—		—		—	—	—	£3,770	—
£3,320	—		—		—	—	—		—

EXERCISE XXII—No. 9.

## PURCHASE OF 5 PER CENT DEBENTURES ACCOUNT

<i>Dr.</i>	<b>PURCHASE OF 5 PER CENT DEBENTURES ACCOUNT</b>						<i>Cr.</i>
	£	s.	d.	1937	By Transfer to Debentures Account— Debentures cancelled . . . . .	£	d.
To Cash— £3,000 at 98 . . . . .	2,940	—	—	June 1	" " " "	3,000	—
" Transfer to Capital Reserve Account of profit on purchase of £3,000 Debentures . . . . .	60	—	—	Sept. 1	" " " " Transfer to Capital Reserve Account of loss on purchase of £2,000 Debentures . . . . .	2,000	—
" Cash— £2,000 at 100½ . . . . .	2,010	—	—			10	—
	<u>£5,010</u>	<u>—</u>	<u>—</u>			<u>£5,010</u>	<u>—</u>

## CASH BOOK

<i>Dr.</i>		CASH BOOK		<i>Cr.</i>	
		1937	By Debentures—	£	s.
		June 1	£3,000 at 98	2,940	—
		Sept. 1	£2,000 at 100½	2,010	—

## 5 PER CENT DEBENTURES ACCOUNT

<i>Dr.</i>		5 PER CENT DEBENTURES ACCOUNT				<i>Cr.</i>	
		<i>£</i>	<i>s.</i>	<i>d.</i>	By Balance brought down		
1937							
June 1	To Purchase of 5 per cent Debentures Account.	3,000	—	—			
Sept. 1	" Purchase of 5 per cent Debentures Account.	2,000	—	—			
					10,000	—	—

## CAPITAL RESERVE ACCOUNT

<i>Dr.</i>		CAPITAL RESERVE ACCOUNT		<i>Cr.</i>	
1937 Sept, 1	To Purchase of 5 per cent Debentures Account.	£ 10	s. — d. —	By Purchase of 5 per cent Debentures Account	£ 60 s. — d. —

PROFIT AND LOSS ACCOUNT OF BROWN, JONES, & SMITH, FOR THE YEAR ENDED  
30TH SEPTEMBER 1937

Cy.

852





BALANCE SHEET OF THE ASTA CO., LTD. AND REDUCED, AS AT 30TH JUNE, 19..

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## EXERCISE XXII—No. 12.

## JOURNAL

	£	s.	d.	£	s.	d.
Profit and Loss Account . . . . .	15,000	—	—			
To General Reserve Account . . . . .				15,000	—	—
Transfer of amount to reserve as per resolution dated . . . . .						
Preference Share Dividend Account . . . . .	7,500	—	—			
To Sundry Preference Shareholders . . . . .				7,500	—	—
Final dividend of 3 per cent on 250,000 Preference Shares of £1 each declared by resolution dated . . . . .						
Profit and Loss Account . . . . .	7,500	—	—			
To Preference Share Dividend Account . . . . .				7,500	—	—
Transfer.						
Sundry Preference Shareholders . . . . .	1,687	10	—			
To Income-tax Account . . . . .				1,687	10	—
Transfer of tax on £7,500 dividend at 4s. 6d. in the £						
Profit and Loss Account . . . . .	10,000	—	—			
To Employees Pension Fund . . . . .				10,000	—	—
Transfer of amount placed to fund as per resolution dated . . . . .						
Ordinary Share Account . . . . .	80,000	—	—			
To Sundry Ordinary Shareholders . . . . .				80,000	—	—
Dividend of 20 per cent free of tax on 400,000 Ordinary Shares of £1 each declared by resolution dated . . . . .						
Profit and Loss Account . . . . .	80,000	—	—			
To Ordinary Share Dividend Account . . . . .				80,000	—	—
Transfer.						
Bonus Dividend Account . . . . .	16,000	—	—			
To Sundry Ordinary Shareholders . . . . .				16,000	—	—
Bonus of £1 Share, taken at a price of £2, for every 50 shares held, on 400,000 Ordinary Shares, declared by resolution dated . . . . .						
Profit and Loss Account . . . . .	16,000	—	—			
To Bonus Dividend Account . . . . .				16,000	—	—
Transfer.						
Sundry Ordinary Shareholders . . . . .	16,000	—	—			
To Ordinary Share Capital Account . . . . .				8,000	—	—
„ Ordinary Share Premium Account . . . . .				8,000	—	—
Issue of 80,000 Bonus Shares of £1 each, at a premium of £1 a share.						
	£249,687	10	—	£249,687	10	—

## EXERCISE XXII—No. 13.

## JOURNAL

1936 Mar. 10	Cash . . . . . To Ordinary Share Application Account . . . . . Being receipt of 5s. a share on 10,000 shares due on application.	£ 2,500	s. d. — —	£ 2,500	s. d. — —
,, 31	Ordinary Share Application Ac- count . . . . . To Ordinary Share Capital Ac- count . . . . . Being 5s. a share due on applica- tion on 10,000 shares.	2,500	— —	2,500	— —
	Ordinary Share Allotment Account To Ordinary Share Capital Ac- count . . . . . Being 15s. a share due on allot- ment on 10,000 shares.	7,500	— —	7,500	— —
	Cash . . . . . To Ordinary Share Allotment Account . . . . . Being receipt of 15s. a share on 10,000 shares due on allotment.	7,500	— —	7,500	— —
	Preference Share Capital Account Profit and Loss Account (Premium) To Sundry Members . . . . . Being transfer of shares now re- deemable and premium of 5 per cent thereon as per resolution.	20,000	— —	21,000	— —
	Sundry Members . . . . . To Cash . . . . . Being redemption of above shares.	21,000	— —	21,000	— —
	Profit and Loss Account . . . . . To Capital Redemption Re- serve Fund . . . . . Being transfer of a sum equal to the amount applied out of profits in redeeming shares.	10,000	— —	10,000	— —
		<u>£72,000</u>	<u>— —</u>	<u>£72,000</u>	<u>— —</u>

## EXERCISE XXII—No. 14.

## THE X RAILWAY CO.

## RECEIPTS AND EXPENDITURE ON CAPITAL ACCOUNT

TO EXPENDITURE	Amount Expended to 31st December, 19—			BY RECEIPTS	Amount Received to 31st December 19—		
	£	s.	d.		£	s.	d.
Lines open for Traffic . . . . .	1,010,010	—	—	3 per cent Preference Stock . .	350,000	—	—
Lines in course of Construction . .	25,000	—	—	Ordinary Stock . . . . .	600,000	—	—
Working Stock (Engines, Carriages, etc.) . . . . .	195,000	—	—	4 per cent Debenture Stock . .	450,000	—	—
				Premiums on Stocks . . . . .	35,000	—	—
Total Capital expended on Railway . . . . .	1,230,010	—	—				
Contributions to Joint Lines . . . .	100,000	—	—				
Purchase of Grand Canal . . . . .	30,000	—	—				
Total Expenditure . . . . .	1,360,010	—	—				
Balance to General Balance Sheet . . . . .	74,990	—	—				
	<u>£1,435,000</u>	—	—	Total Receipts	<u>£1,435,000</u>	—	—

## GENERAL BALANCE SHEET, 31ST DECEMBER, 19..

	£	s.	d.		£	s.	d.
Capital Account, Balance at Credit thereof . . . . .	74,990	—	—	Cash at Bank . . . . .	54,000	—	—
Debts due to other Companies . . . .	3,100	—	—	General Stores, Stocks on Hand . . . . .	35,800	—	—
Sundry Tradesmen, etc. . . . .	34,200	—	—	Traffic Accounts due to Company . . . . .	35,600	—	—
Fire Insurance Fund . . . . .	9,000	—	—	Due from other Companies . . . .	2,700	—	—
Superannuation Fund . . . . .	20,000	—	—	Sundry Outstanding Accounts . . . . .	3,700	—	—
Balance to Credit of Net Revenue Account . . . . .	10,510	—	—	Superannuation Fund Investments . . . . .	20,000	—	—
	<u>£151,800</u>	—	—		<u>£151,800</u>	—	—

## EXERCISE XXIII—Nos. 1-8.

- (1) £25.
- (2) £7 10s. 4d. per cent per annum.
- (3) £3 13s. 5d.
- (4) £3 8s. 5d. or 3·419 per cent.
- (5) £11 9s. 6d.
- (6) £6 6s. 9d.
- (7) £14 7s. 6d.
- (8) £3 16s. 6d.

## EXERCISE XXIII—No. 9.

See *Advanced Accounts*, Chapter XXIII, for Examples.

## EXERCISE XXIII—No. 10.

Dr. INVESTMENT ACCOUNT Cr.

(Annual investment of £250 at Compound Interest [yearly]  $2\frac{1}{2}\%$ )

Year		£	s.	d.			£	s.	d.
Year 1	To Cash . . . . .	250	—	—	Year 6	By Balance c/d . . . .	1,636	17	1
	„ Interest . . . . .	6	5	—					
		256	5	—					
„ 2	To Cash . . . . .	250	—	—					
	„ Interest . . . . .	12	13	1					
		518	18	1					
„ 3	To Cash . . . . .	250	—	—					
	„ Interest . . . . .	19	4	5					
		788	2	6					
„ 4	To Cash . . . . .	250	—	—					
	„ Interest . . . . .	25	19	1					
		1,064	1	7					
„ 5	To Cash . . . . .	250	—	—					
	„ Interest . . . . .	32	17	—					
		1,346	18	7					
„ 6	To Cash . . . . .	250	—	—					
	„ Interest . . . . .	39	18	6					
		£1,636	17	1			£1,636	17	1

## 3% NEW ZEALAND (1945) STOCK

Cr.

Dr.

Date	Particulars	Nominal	Interest	Principal	Date	Particulars	Nominal	Interest	Principal
19.. June 1	To Cash, i.e. (£5,000 @ 85½ + Brokerage @ 2½% + Stamps 45/- - Interest £18/15/-)	£ 5,000 - -	£ 18 15 -	£ 4,264 15 -	19.. Oct. 1	By Cash, i.e. ¾ year's Interest on £5,000 @ 3% . Less Income Tax @ 5/- in £ .	£ - -	£ 56 5 -	£ - -
Apr. 3	" Profit on Sale of Investments Account .	- -	- -	141 4 7	19.. Apr. 1	Cash (as above) .	- -	56 5 -	- -
" 3	" Interest Account .	- -	206 17 5	- -	Oct. 1	" Cash (as above) .	- -	56 5 -	- -
					19.. Apr. 1	Cash (as above) .	4,000 -	56 5 -	- -
					" 3	Cash, i.e. Sale of £4,000 @ 89 less (Expenses £67/- + Interest 9/11)	- -	9 11	3,553 3 1
					" 3	Cash, i.e. (2 days' Int. less Tax)	- -	2 6	- -
					" 3	" Balance c/d .	1,000 -	- -	852 16 6
19.. Apr. 3	To Balance b/d .	£5,000 - -	£225 12 5	£4,405 19 7			£5,000 - -	£225 12 5	£4,405 19 7
		1,000 - -	- -	852 16 6			- -	- -	- -

*Note.*—The NOMINAL column on credit side has been used for details *re* dividends. In practice, this would not be done. Exercises 15 and 16 have been similarly treated for purposes of economy.

EXERCISE XXIII—No. 12.

DEBENTURE STOCK ACCOUNT

(DIVIDENDS PAYABLE 1ST APRIL AND 1ST SEPTEMBER)

Cr.

Dr.

		Nominal		Dividends		Principal		Nominal		Dividends		Principal	
		£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
19.. Aug. 3	To Cash £1,150 5% Stock @ 85½ + Stamps, etc., £10/3/- - Interest, i.e. 3½% of £437/6	1,150	—	14	13	978	15						
				£	s. d.	£	s. d.			£	s. d.	£	s. d.
								28	15				
								7	3				
19.. Apr. 30	To Profit on Sales " Transfer to Dividends A/c.			31	17	18	15	1,150	—	21	11	997	10
										21	11		
										3	8		
										£46	10	£997	10
		£1,150	—			£997	10						

Note.—One year's dividend @ 5% on £1,150 = £57/10/-; deduct 5/- in £ for tax = £14/7/6.

∴ Actual Cash value of year's dividend = £43/2/6.

ARCADIAN GOVERNMENT 5% BONDS

(INTEREST PAYABLE 1ST JANUARY AND 1ST JULY)

Cf.

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## BLANK PREFERENCE STOCK

*Dr.* (DIVIDENDS PAYABLE 31ST MARCH, 30TH JUNE, 30TH SEPTEMBER, 31ST DECEMBER) *Cr.*

		Nominal.		Dividends.		Principal.				Nominal.		Dividends.		Principal.	
		£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
19.. 1	To Cash i.e., £24,000 4% Stock @ 90 + (Expenses £10/16/- + 1% Brokerage £30) - Dividend 4% of £24,000 for 2 mos. = £160 less 1/2 in £ tax)	24,000	- -	150	13 4	21,490	2 8	19.. 1	By Dividends received in Cash— 3 mos. @ 4% on £24,000 Less Tax @ 1/2 .	240	- -	226	- -	10,745	1 4
Mar. 30								Mar. 30		14	- -	37	13 4	21,685	16 8
Dec. 31	" Transfer to Dividends A/c.							June 1	" Cash (6,000 @ 92) .	6,000	- -		- -	5,472	2 8(A)
" 31	" Profit on Sales .							" 30	" Cash— 3 mos. @ 4% on £18,000 Less Tax @ 1/2 .	180	- -		- -		
								Sept. 1	" Cash (6,000 @ 91) .	10	10 -		- -	5,449	16 -(B)
								" 30	" Cash— 3 mos. @ 4% on £18,000 Less Tax @ 1/2 .	6,000	- -		- -		
									" Less Transfer to Cap.	169	10 -		- -		
									" Cash— 4% for 3 mos. on £12,000 Less Tax @ 1/2 .	18	16 8		- -	18	16 8
								Dec. 31	" Balance . . . . .	120	- -		- -		
								" 31	" Balance . . . . .	7	- -		- -	113	- -
									" Balance . . . . .	12,000	- -		- -	10,745	1 4
									" Balance . . . . .	24,000	- -		- -	21,685	16 8
									" Balance . . . . .	£696	16 8		- -	£696	16 8
									" Balance . . . . .	£24,000	- -		- -	£24,000	- -
									" Balance . . . . .	£					

(NOTE. In this and some other examples in this Exercise, the rate of income tax has not been changed from that in the earlier editions. It is illustrative of procedure only, and later higher rates should be worked by the student.)

EXERCISE XXIII—No. 16 (*contd.*).

## PARTICULARS RE SALES

[illegible]

EXERCISE XXIII—No. 17.

## THE BROKER'S LEDGER

SNOWFLAKE. PHILIP

Dr.

Cr.

19..			£	s.	d.
July 16	To £15,000 Mexican Ordinary @ 46½		7,012	10	—
„ 21	„ £14,000 South-Eastern @ 32½		4,487	10	—
„ 23	„ £16,000 North-Western @ 69½		11,110	—	—
„ 23	„ Commission . . . . .		56	5	—
	(¼% of Nominal value of above)				
„ 30	„ Cash . . . . .		283	15	—
			<u>22,960</u>	—	—
July 30	To £15,000 Mexican Ordinary @ 47 b/d		<u>7,050</u>	—	—
„ 30	„ £16,000 North-Western @ 69½ b/d		<u>11,150</u>	—	—
„ 30	„ Contango . . . . .		38	15	—
			<u>22,960</u>	—	—
	By £14,000 South-Eastern @ 34 . . .				
	„ £15,000 Mexican Ordinary @ 47 c/d				
	„ £16,000 North-Western @ 69½ c/d				
			<u>£</u>		

## EXERCISE XXIII—No. 18.

See *Advanced Accounts*, pages 1044 (under "Tabular System of Book-keeping") and 1046-7 (specimen of Visitors' Ledger).

EXERCISE XXIII—No. 19.

VISITORS' LEDGER

TUESDAY, 17TH JANUARY, 19..

DEBITS.	Room 1: <i>J. Hughes.</i>	Room 2:	Room 3: <i>J. E. Elliott.</i>	Room 4:	Room 5: <i>F. J. Griffiths.</i>	DEBITS.	Daily Totals.	Brought Forward.	Carried Forward.
	<i>d.</i>		<i>d.</i>		<i>d.</i>		<i>s.</i>		<i>s.</i>
Balances b/f . . . . .	6		6			Balances b/d . . . . .	3		12
Apartments . . . . .	12				5	Apartments . . . . .	12		7
Breakfasts . . . . .	6				2	Breakfasts . . . . .	6		3
Lunch . . . . .	6					Lunch . . . . .	3		5
Dinners . . . . .	6					Dinners . . . . .	5		1
Tea and Coffee . . . . .	—				1	Tea and Coffee . . . . .	1		2
Suppers . . . . .					2	Suppers . . . . .	2		8
Wines . . . . .	6					Wines . . . . .	8		1
Minerals . . . . .					1	Minerals . . . . .	1		1
Spirits, Liqueurs . . . . .	9					Spirits, Liqueurs . . . . .	1		1
Ale, Stout, etc. . . . .					9	Ale, Stout, etc. . . . .	9		1
Cigars . . . . .						Cigars . . . . .	1		3
Postages . . . . .	6					Postages . . . . .	6		4
Laundry . . . . .	4					Laundry . . . . .	3		1
Carriage, etc. . . . .						Carriage, etc. . . . .	4		1
Bath . . . . .						Bath . . . . .	1		—
Fires . . . . .						Fires . . . . .	1		—
TOTALS . . . . .	£3 5 1		£2 13 6		14 9	TOTALS . . . . .	£6 13 4		£2 10 4
CREDITS.						CREDITS.			
Cash . . . . .			6			Cash . . . . .	2 13 6		3 19 10
Allowances . . . . .						Allowances . . . . .	3 19 10		£6 13 4
Balances c/f . . . . .	3 5 1				14 9	Balances c/f . . . . .	£6 13 4		
TOTALS . . . . .	£3 5 1		£2 13 6		14 9	TOTALS . . . . .			

Note.—The discrepancy between the Debits and Credits of the "Carried forward" column is accounted for by the various items of which the Balances b/f were composed not being given.

# EXERCISE XXIII—No. 20.

See *Advanced Accounts*, page 1048, for specimen.

# EXERCISE XXIII—No. 21.

Specimen of Rates Ledger for a Water Co. is appended—

District.....*L*.....Period.....*Quarter ending 25th March, 19*.....  
 Name of Road or Street.....*Martin Street*.....Date for Payment.....*25th April, 19*.....  
 Name of District Collector.....*J. Phillips*.....

No. of House.	Name of Resident.	Rental Assessment.	Per-centage Charged.	SPECIAL SUPPLIES FOR:			Amount of Tax.	Date of Pay-ment.	Amount Paid.		Arrears.		Bad Debts.		Remarks.
				Bath-rooms.	w.c.'s.	Horses.			£.	s. d.	£.	s. d.	£.	s. d.	
3	Johnson, L. M.	£ 100	8%	2	2	—	£ 8	Apr. 12	£ 7	s. 10	£ 3	s. 10	£ 3	s. —	Removed—
5	Phipps, Abel	£ 100	8%	2	2	—	£ 8	" 15	£ 5	s. —		s. —		s. —	cannot trace

## TABULAR DAY (OR INVOICE) BOOK FOR HOTEL

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## EXERCISE XXIII—No. 23.

## JOURNAL OF Z

1937			£	s.	d.	£	s.	d.
Dec. 31 (a)	Preference Share Dividend A/c	Dr.	1,275	—	—			
	To Preference Shareholders					956	5	—
	„ Income Tax @ 5s. <sup>1</sup>					318	15	—
„ 31	Profit and Loss Appropriation Account	Dr.	1,275	—	—			
	To Preference Share Dividend					1,275	—	—
„ 31 (b)	Ordinary Share Dividend A/c	Dr.	5,000	—	—			
	Bonus Account	Dr.	1,000	—	—			
	To Ordinary Shareholders					6,000	—	—
„ 31	Profit and Loss Appropriation Account	Dr.	6,000	—	—			
	To Ordinary Share Dividend					5,000	—	—
	„ Bonus Account					1,000	—	—
„ 31 (c)	Profit and Loss Appropriation Account	Dr.	5,000	—	—			
	To General Reserve Account					5,000	—	—
„ 31 (d)	General Reserve Account	Dr.	20,000	—	—			
	To Bonus Account					20,000	—	—
	Bonus Account	Dr.	20,000	—	—			
	To Ordinary Share Capital A/c					20,000	—	—

<sup>1</sup> The matter of Income Tax, though not in the question, has been raised as a matter of course at an assumed rate only.

## EXERCISE XXIII—No. 24.

(a) The three ways by means of which Debentures may be redeemed are—

(1) Out of Profits; (2) out of Capital; and (3) by means of a Sinking Fund. (See *Advanced Accounts*, page 686 *et seq.*)

(b) The circumstances under which Bonus Shares would be issued are two-fold, namely—

(1) When a company has accumulated large Reserves out of profits; and (2) when successful trading causes the shares of such companies to be “above par,” or at a premium (see *Advanced Accounts*, page 714 for example of issue of Bonus Shares).

LEDGER OF THOMAS BURNS

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NORR. The Exercise shows the proportional amounts paid as £17 10s. for Rates and 17s. for Water. These amounts are only approximate.



## INSURANCES ACCOUNT

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EXERCISE XXIII—No. 26.

REALIZATION ACCOUNT

Cr.

Dr.

19..	To Sundry Assets . .	£	s.	d.	19..	By Cash—	£	s.	d.
	„ Cash (Expenses)	6,000	—	—		Plant . .	1,500	—	—
		250	—	—		Stock . .	1,600	—	—
						Debtors. .	750	—	—
						Bills Receivable .	700	—	—
						„ Balance transferred to			
						Deficiency A/c—			
						A's share of Loss on			
						Realization, $\frac{1}{3}$ £566/13/4			
						B's share of Loss on			
						Realization, $\frac{1}{3}$ 566/13/4			
						C's share of Loss on			
						Realization, $\frac{1}{3}$ 566/13/4			
		£6,250	—	—			1,700	—	—
							£6,250	—	—

DEFICIENCY ACCOUNT

Cr.

Dr.

19..	To Realization A/c . .	£	s.	d.	19..	By Cash—	£	s.	d.
		1,700	—	—		A . .	566	13	4
						B . .	566	13	4
						„ C's Cap. Overdrawn A/c			
		£1,700	—	—			1,133	6	8
							566	13	4
							£1,700	—	—





## EXERCISE XXIII—No. 27.

JOURNAL  
OPENING ENTRIES

19..		£	s.	d.	£	s.	d.
Jan. 1	Cash in hand . . . . .	50	—	—			
	„ at Bank . . . . .	500	—	—			
	Port Wine (5 pipes @ £60 a pipe)	300	—	—			
	Sherry (5 butts @ £50 a butt)	250	—	—			
	H. Johnson . . . . .	50	—	—			
	Bills Receivable . . . . .	250	—	—			
	Office Furniture . . . . .	100	—	—			
	To A. Robinson . . . . .				90	—	—
	„ W. Walters . . . . .				60	—	—
	„ Bills Payable . . . . .				50	—	—
	(A. Robinson due 6th Jan.)						
	„ W. Brown (vendor) . . . .				1,300	—	—
		<u>£1,500</u>	—	—	<u>£1,500</u>	—	—

## JOURNAL ENTRIES

19..		£	s.	d.	£	s.	d.
Jan. 1	W. Brown (vendor) . . . . .	800	—	—			
	To Share Capital Account . . .				800	—	—
	For issue to vendor of 800 shares of £1 each as fully paid, in part pay- ment of purchase price of business.						
„ 1	Sundry Shareholders . . . . .	1,700	—	—			
	To Share Capital Account . . .				1,700	—	—
	For issue of balance of shares, i.e. 1,700 shares of £1 each.						
		<u>£2,500</u>	—	—	<u>£2,500</u>	—	—

## CASH BOOK

(DEBIT SIDE)

		Cash.			Bank.		
19..		£	s.	d.	£	s.	d.
Jan. 1	To Balance . . . . .	50	—	—	500	—	—
„ 1	„ Sundry Shareholders . . . . .				1,700	—	—
		<u>£50</u>	—	—	<u>£2,200</u>	—	—

(CREDIT SIDE)

		Cash.			Bank.		
19..		£	s.	d.	£	s.	d.
Jan. 1	By W. Brown (vendor) . . . . .				500	—	—
„ 1	„ Balance c/d . . . . .	50	—	—	1,700	—	—
		<u>£50</u>	—	—	<u>£2,200</u>	—	—

## EXERCISE XXIII—No. 28.

## JOURNAL

19..		£	s.	d.	£	s.	d.
Jan. ..	Application Account . . . .	20,000	—	—			
	Allotment Account . . . .	40,000	—	—			
	To Share Capital Account				60,000	—	—
	For issue of 20,000 shares upon which £1 per share on applica- tion and £2 per share on allot- ment has been made.						
Apr. ..	First Call Account . . . .	60,000	—	—			
	To Share Capital Account . .				60,000	—	—
	For £3 per share on 20,000 shares.						
June ..	Second Call Account . . . .	60,000	—	—			
	To Share Capital Account . .				60,000	—	—
	For £3 per share on 20,000 shares.						
" ..	Business Purchase Account . . .	180,000	—	—	180,000	—	—
	To Messrs. Wilson & Co. (vendors)	125,000	—	—			
	For purchase of " Gladsdale " Iron Works from vendors as per agree- ment.				125,000	—	—
" ..	Messrs. Wilson & Co. (vendors) .	25,000	—	—			
	To Share Capital Account . .				25,000	—	—
	For issue to vendors of 2,500 shares of £10 each, as fully paid, being part payment of purchase price of business.						
		£330,000	—	—	£330,000	—	—

## TRIAL BALANCE

	£	s.	d.	£	s.	d.
Business Purchase Account. . . .	125,000	—	—			
<i>Calls in Arrears—</i>						
1st Call Account . . . .	£5,000					
2nd Call Account . . . .	£12,500					
	17,500	—	—			
Cash at Bank . . . .	62,500	—	—			
Share Capital . . . .				205,000	—	—
	£205,000	—	—	£205,000	—	—

EXERCISE XXIII—No. 28 (*contd.*).

## CASH BOOK

(DEBIT SIDE)

				Bank.	
		£	s. d.	£	s. d.
19..					
Jan. ..	To Application and Allotment A/c			60,000	—
Apr. ..	„ First Call Account . . . .			55,000	—
June ..	„ Second Call Account . . . .			47,500	—
				<u>£162,500</u>	—

(CREDIT SIDE)

				Bank.	
		£	s. d.	£	s. d.
19..					
June ..	By Messrs. Wilson & Co. (vendors).			100,000	—
„ ..	„ Balance c/d . . . . .			62,500	—
				<u>£162,500</u>	—

## Dr. APPLICATION AND ALLOTMENT ACCOUNT (SHARES)

Cr.

	£	s. d.		£	s. d.
19..			19..		
Jan. ..	To Share Capital . . . . .	60,000	Jan. ..	By Cash . . . . .	60,000
		<u>60,000</u>			<u>60,000</u>

## Dr. FIRST CALL ACCOUNT (SHARES)

Cr.

	£	s. d.		£	s. d.
19..			19..		
Apr. ..	To Share Capital . . . . .	60,000	Apr. ..	By Cash . . . . .	55,000
			„ ..	„ Balance c/d . . . .	5,000
		<u>60,000</u>			<u>60,000</u>

## Dr. SECOND CALL ACCOUNT (SHARES)

Cr.

	£	s. d.		£	s. d.
19..			19..		
June ..	To Share Capital . . . . .	60,000	June ..	By Cash . . . . .	47,500
			„ ..	„ Balance c/d . . . .	12,500
		<u>60,000</u>			<u>60,000</u>
	To Balance b/d . . . . .	12,500			

EXERCISE XXIII—No. 28 (*contd.*).

*Dr.*                      BUSINESS PURCHASE ACCOUNT                      *Cr.*  
(Gladsdale Ironworks)

19..	To Messrs. Wilson & Co.	£	s.	d.					
		125,000	—	—					
		£125,000	—	—					

*Dr.*                      MESSRS. WILSON & Co. (Vendors)                      *Cr.*

19..	To Share Capital . .	£	s.	d.	19..	By Business Purchase	£	s.	d.
	„ Cash. . . . .	25,000	—	—		A/c . . . . .	125,000	—	—
		100,000	—	—			£125,000	—	—
		£125,000	—	—			£125,000	—	—

*Dr.*                      SHARE CAPITAL ACCOUNT                      *Cr.*

19..	To Balance c/d . .	£	s.	d.	19..	By Application and	£	s.	d.
		205,000	—	—	Jan. . .	Alotment . . .	60,000	—	—
					Apr. . .	„ First Call . . .	60,000	—	—
					June . .	„ Second Call . .	60,000	—	—
					(No date given)	„ Messrs. Wilson & Co. . . . .	25,000	—	—
		£205,000	—	—			£205,000	—	—
						By Balance b/d . .	205,000	—	—



## EXERCISE XXIII—No. 29.

## JOURNAL OF MESSRS. BLACK &amp; TAN, LTD.

19..		£	s.	d.	£	s.	d.
Jan. ..	Sundry Shareholders . . . . .	75,000	—	—	75,000	—	—
	To Ordinary Share Capital . . . . .						
	Sundry Shareholders . . . . .	100,000	—	—	100,000	—	—
	To Preference Share Capital . . . . .						
	Business Purchase Account . . . . .	50,000	—	—	50,000	—	—
	To Vendor's Account . . . . .						
	For part value of business purchased.						
	Vendor's Account . . . . .	50,000	—	—	50,000	—	—
	To Ordinary Share Capital . . . . .						
	For issue to vendor of 10,000 shares of £5 each as part payment of purchase price of business.						
	Ordinary Share Capital . . . . .	2,500	—	—	1,500	—	—
	To Forfeited Shares Account . . . . .				1,000	—	—
	„ Unpaid Calls . . . . .						
	Debenture Holders . . . . .	100,000	—	—	100,000	—	—
	To Debentures . . . . .						
		<u>£377,500</u>	—	—	<u>£377,500</u>	—	—

## CASH BOOK

(DEBIT SIDE)

19..		£	s.	d.
Jan. ..	To Sundry Shareholders (Ordinary Shares) . . . . .	74,000	—	—
	„ Sundry Shareholders (Preference Shares) . . . . .	100,000	—	—
	„ Debenture Holders . . . . .	100,000	—	—
		<u>£274,000</u>	—	—



## EXERCISE XXIII—No. 30.

## THE STATUTORY AND STATISTICAL BOOKS

(Incorporated under the

## APPLICATION AND ALLOT

No. of Appli- cation.	Date of Appli- cation.	NAME.	ADDRESS.	Occupation.	No. of Shares Applied for.	Amount Paid on Applica- tion.		
	19..					£	s.	d.
1	Feb. 16	Smith, F. . .	12 Brooke Street, Lyndhurst .	Surveyor	1,200	1,800	-	-
2	" 17	Finch, T. E. .	64 Fleet Street, London, E.C. .	Journalist	600	900	-	-
3	" 18	Strong, P. . .	17 Thornville Road, Buxton .	Architect	1,000	1,500	-	-
4	" 18	Carter, G. M. .	2 Boulders Lane, Cleethorpes .	Spinster	600	900	-	-
5	" 18	Turner, R. . .	56 Longworth Road, Thurston .	Merchant	1,200	1,800	-	-
6	" 19	Brown, A. . .	95 St. Peter's Road, Somerset .	Broker	1,000	1,500	-	-
7	" 19	Trelwyn, N. .	110 Lime Street, Liverpool .	Mason	1,500	2,250	-	-
8	" 20	Phillpott, L. .	14 Larneway Avenue, Buxton .	Butcher	600	900	-	-
9	" 20	French, H. . .	106 Corncrake Lane, Leicester .	Designer	1,200	1,800	-	-
10	" 21	Smith, A. . .	2 Grange Mansions, Pudworth .	Banker	2,500	3,750	-	-
						11,400£	17,100	-

## SHAREHOLDERS' CASH

Date.	Receipts.	Fo.	Amount.			Date.	Payments.	Fo.	Amount.		
19..			£	s.	d.	19..			£	s.	d.
Feb. 16	To Application A/c—					Feb. 21	By Balance c/d .		17,100	-	-
" 16	Smith, F. . .		1,800	-	-						
" 17	Finch, Thos. E. .		900	-	-						
" 18	Strong, P. . .		1,500	-	-						
" 18	Carter, G. M. .		900	-	-						
" 18	Turner, R. . .		1,800	-	-						
" 19	Brown, A. . .		1,500	-	-						
" 19	Trelwyn, N. . .		2,250	-	-						
" 20	Phillpott, L. . .		900	-	-						
" 20	French, H. . .		1,800	-	-						
" 21	Smith, A. . .		3,750	-	-						
			£	17,100	-				£	17,100	-

## OF THE BRITISH TIMBER SYNDICATE, LTD.

Companies Act, 1929)

## MENTS BOOK (PREFERENCE SHARES)

No. of Shares Allot-	Distinctive Numbers.		S.L. Fo.	Amount Due on Application and Allotment.			Balance Due on Allotment.			Amount Paid on Allotment.			Cash Returned.	No. of Share Certificate.	Remarks
	From	To		£	s.	d.	£	s.	d.	£	s.	d.			
1,000	1	1,000		3,000	-	-	1,200	-	-	1,200	-	-			
500	1,001	1,500		1,500	-	-	600	-	-	600	-	-			
1,000	1,501	2,500		3,000	-	-	1,500	-	-	1,500	-	-			
500	2,501	3,000		1,500	-	-	600	-	-	600	-	-			
1,000	3,001	4,000		3,000	-	-	1,200	-	-	1,200	-	-			
1,000	4,001	5,000		3,000	-	-	1,500	-	-	1,500	-	-			
1,500	5,001	6,500		4,500	-	-	2,250	-	-	2,250	-	-			
500	6,501	7,000		1,500	-	-	600	-	-	600	-	-			
1,000	7,001	8,000		3,000	-	-	1,200	-	-	1,200	-	-			
2,000	8,001	10,000		6,000	-	-	2,250	-	-	2,250	-	-			
10,000			£	30,000	-	-	12,900	-	-	12,900	-	-			

## BOOK (PREFERENCE SHARES)

Date.		Receipts.	Fo.	Amount.			Date.	Payments.	Fo.	Amount.		
19. .				£	s.	d.	19. .			£	s.	d.
Feb. 21		To Balance b/f . .		17,100	-	-	Feb. 23	By Transfer to General Cash Book		30,000	-	-
" 23		" Allotment A/c—										
		Smith, F. . .		1,200	-	-						
		Finch, Thos. E. .		600	-	-						
		Strong, P. . .		1,500	-	-						
		Carter, G. M. . .		600	-	-						
		Turner, R. . .		1,200	-	-						
		Brown, A. . .		1,500	-	-						
		Trelwyn, N. . .		2,250	-	-						
		Philpott, L. . .		600	-	-						
		French, H. . .		1,200	-	-						
		Smith, A. . .		2,250	-	-						
			£	30,000	-	-			£	30,000	-	-

Number of }  
 Certificate } .....

THE COMPANIES ACT, 1929  
 RETURN OF ALLOTMENTS  
 OF THE  
 BRITISH TIMBER SYNDICATE, LTD.

A Company's Fee Stamp of 5s. must be impressed here.
--

made 23rd day of February, 19..

---

Number of the PREFERENCE Shares allotted payable in }	10,000
Cash . . . . . }	
Nominal Amount of the PREFERENCE Shares so allotted £100,000	
Amount paid or due and payable on each such PRE- }	£10
REFERENCE Share . . . . . }	
Number of Shares allotted for a consideration other than }	10,000
Cash . . . . . ORDINARY }	
Nominal Amount of the Shares so allotted . . . £100,000	
Amount to be treated as paid on each such Share . . £10	

The Consideration for which such Shares have been allotted is as follows—

Part Payment of the purchase price to acquire the business of Messrs. Poole & Co. (vendors).

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NAMES, ADDRESSES, AND DESCRIPTIONS OF THE ALLOTTEES  
IN THE BRITISH TIMBER SYNDICATE, LIMITED

SURNAME.	CHRISTIAN NAME(s).	ADDRESS.	Description.	Number of Shares Allotted.		
				Prefer- ence.	Ordinary.	De- ferred.
Smith . .	Fred . .	12 Brooke Street, Lyndhurst .	Surveyor	1,000		
Finch . .	Thomas E.	64 Fleet Street, London, E.C.	Journalist	500		
Strong . .	Phillip .	17 Thornville Road, Buxton .	Architect	1,000		
Carter . .	Grace M. .	2 Boulders Lane, Cleethorpes	Spinster	500		
Turner . .	Reginald .	56 Longworth Road, Thurston	Merchant	1,000		
Brown . .	Arthur. .	95 St. Peter's Road, Somerset	Broker	1,000		
Trelwyn .	Norman .	110 Lime Street, Liverpool .	Mason	1,500		
Philpott .	Leslie . .	14 Larneway Avenue, Buxton .	Butcher	500		
French . .	Harold. .	106 Corncrake Lane, Leicester .	Designer	1,000		
Smith . .	Alfred . .	2 Grange Mansions, Pudworth	Banker	2,000		
Poole & Co. (vendors)					10,000	
				10,000	10,000	

## CALL BOOK

First Call of £3 per Share made

S.L. Folio.	NAME.	ADDRESS.	No. of Shares Held.
	Smith, F. . . .	12 Brooke Street, Lyndhurst . . .	1,000
	Finch, Thos. E. . . .	64 Fleet Street, London, E.C. . .	500
	Strong, P. . . .	17 Thornville Road, Buxton . . .	1,000
	Carter, G. M. . . .	2 Boulders Lane, Cleethorpes . . .	500
	Turner, R. . . .	56 Longworth Road, Thurston . . .	1,000
	Brown, A. . . .	95 St. Peter's Road, Somerset . . .	1,000
	Trelwyn, N. . . .	110 Lime Street, Liverpool . . .	1,500
	Philpott, L. . . .	14 Larneway Avenue, Buxton . . .	500
	French, H. . . .	106 Corncrake Lane, Leicester . . .	1,000
	Smith, A. . . .	2 Grange Mansions, Pudworth . . .	2,000
			<u>10,000</u>

## CALL BOOK

Second Call of £2 per Share made

S.L. Folio.	NAME.	ADDRESS.	No. of Shares Held.
	Smith, F. . . .	12 Brooke Street, Lyndhurst . . .	1,000
	Finch, T. E. . . .	64 Fleet Street, London, E.C. . .	500
	Strong, P. . . .	17 Thornville Road, Buxton . . .	1,000
	Carter, G. M. . . .	2 Boulders Lane, Cleethorpes . . .	500
	Turner, R. . . .	56 Longworth Road, Thurston . . .	1,000
	Brown, A. . . .	95 St. Peter's Road, Somerset . . .	1,000
	Trelwyn, N. . . .	110 Lime Street, Liverpool . . .	1,500
	Philpott, L. . . .	14 Larneway Avenue, Buxton . . .	500
	French, H. . . .	106 Corncrake Lane, Leicester . . .	1,000
	Smith, A. . . .	2 Grange Mansions, Pudworth . . .	2,000
			<u>10,000</u>

## (PREFERENCE SHARES)

April 1st and payable on same date.

Amount Due.			Amount Paid.			ARREARS.						Calls Paid in Advance.			Remarks.	
						Amount.		Days.	Interest.							
£	s.	d.	£	s.	d.											
3,000	—	—	3,000	—	—											
1,500	—	—	1,500	—	—											
3,000	—	—	3,000	—	—											
1,500	—	—	1,500	—	—											
3,000	—	—	3,000	—	—											
3,000	—	—	3,000	—	—											
4,500	—	—	4,500	—	—											
1,500	—	—	1,500	—	—											
3,000	—	—	3,000	—	—											
6,000	—	—	6,000	—	—											
30,000	—	—	30,000	—	—											

## (PREFERENCE SHARES)

June 1st and payable on same date.

Amount Due.			Amount Paid.			ARREARS.						Calls Paid in Advance.			Remarks.
						Amount.		Days.		Interest.					
£	s.	d.	£	s.	d.										
2,000	—	—	2,000	—	—										
1,000	—	—	1,000	—	—										
2,000	—	—	2,000	—	—										
1,000	—	—	1,000	—	—										
2,000	—	—	2,000	—	—										
2,000	—	—	2,000	—	—										
3,000	—	—	3,000	—	—										
1,000	—	—	1,000	—	—										
2,000	—	—	2,000	—	—										
4,000	—	—	4,000	—	—										
20,000	—	—	20,000	—	—										







## REGISTER OF TRANS

No. of Transfer.	Date Transfer Registered.	TRANSFEROR'S					
		S.L. Fo.	NAME.	ADDRESS.	Occupation.	S.L. Fo.	NAME.
1	19.. Mar. 10	}	Poole & Co. (vendors)			}	Laurel, F. . .
2	" 22						Tomlin, P. . .
3	May 24						Charlton, L. . .
4	June 23						Dalton, C. . .
5	Sept. 19						Soames, R. . .

## REGISTER OF TRANS

No. of Transfer.	Date Transfer Registered.	TRANSFEROR'S					
		S.L. Fo.	NAME.	ADDRESS.	Occupation.	S.L. Fo.	NAME.
1	19.. Mar. 25		Smith, F. . .	12 Brooke Street, Lyndhurst. .	Surveyor		Finch, T. E. . .
2	Apr. 20		Philpott, L. .	14 Larneway Avenue, Buxton. .	Butcher		French, H. . .
3	May 16		Smith, A. . .	2 Grange Mansions, Pudworth. .	Banker		Finch, T. . .
4	July 16		Trelwyn, N. .	110 Lime Street, Liverpool. .	Mason		Turner, R. . .
5	Aug. 20		Strong, P.. .	17 Thornville Road, Buxton . .	Architect		French, H. . .

## FERS (ORDINARY SHARES)

TRANSFEREE'S		SHARES TRANSFERRED.					No. of New Certi- ficate.	Remarks.	
ADDRESS.	Occupation.	No. of Shares.	Distinctive Numbers.		Amount Paid up.				
			From	To					
16 Penzance Road, Falmouth	Mason	1,000	10,001	11,000	£ 10,000	s. —	d. —		
27 Elgin Avenue, Somerset	Grocer	1,000	11,001	12,000	10,000	—	—		
3 Lothbury Mansions, Poole	Banker	1,000	12,001	13,000	10,000	—	—		
64 Roseberry Avenue, Paignton	Builder	500	13,001	13,500	5,000	—	—		
17 Lionel Gardens, Bromley	Gentleman	500	13,501	14,000	5,000	—	—		

## FERS (PREFERENCE SHARES)

TRANSFEREE'S		SHARES TRANSFERRED.				No. of New Certi- ficate.	Remarks.
ADDRESS.	Occupation.	No. of Shares.	Distinctive Numbers.		Amount Paid up.		
			From	To			
64 Fleet Street, London, E.C.	Journalist	100	1	100	£ 1,000	s. —	d. —
106 Corncrake Lane, Leicester .	Designer	500	6,501	7,000	5,000	—	—
64 Fleet Street, London, E.C.	Journalist	1,000	8,001	9,000	10,000	—	—
56 Longworth Road, Thurston	Merchant	500	5,001	5,500	5,000	—	—
106 Corncrake Lane, Leicester .	Designer	500	1,501	2,000	5,000	—	—

## REGISTER OF MEMBERS AND

Name.....*Poole & Co. (Vendors)*..... Occupation.....

Address .....

Dr.

CASH ACCOUNT

Cr.

Date.	Particulars.	Fo.	Amount Called up per Share.		Total Amount Called up.	Date.	Particulars.	Fo.	Total Amount Paid up.	
19.. Feb.23	To Share Capital		£	s. d.		19..	Issued as fully paid . . .		£	s. d.
			100,000	- -					100,000	- -

Name.....*Laurel, Francis*..... Occupation.....*Mason*.....Address.....*16 Penzance Road, Falmouth*.....Name.....*Tomlin, Bert*..... Occupation.....*Grocer*.....Address.....*27 Elgin Avenue, Somerset*.....Name.....*Charlton, Leslie*..... Occupation.....*Banker*.....Address.....*3 Lothbury Mansions, Poole*.....Name.....*Dalton, Charles*..... Occupation.....*Builder*.....Address.....*64 Roseberry Avenue, Paignton*.....Name.....*Soames, Robert*..... Occupation.....*Gentleman*.....Address.....*17 Lionel Gardens, Bromley*.....

## SHARE LEDGER (ORDINARY SHARES)

Date entered as a Member..... *February 23rd, 19..* .....

Date ceased as a Member.....

## SHARES ACCOUNT

SHARES ACQUIRED.					SHARES TRANSFERRED.					BALANCE.			
Date.	Fo.	No. of Shares,	Distinctive Numbers.		Amount Paid up.	Date.	Fo.	No. of Shares,	Distinctive Numbers.		Amount Paid up.	No. of Shares,	Amount Paid up.
			From	To					From	To			
19. .						19. .					£	s	d
Feb. 23		10,000	10,001	20,000							10,000	100,000	—
						Mar. 10		1,000	10,001	11,000	10,000	9,000	—
						22		1,000	11,001	12,000	10,000	8,000	—
						May 24		1,000	12,001	13,000	10,000	7,000	—
						June 23		500	13,001	13,500	5,000	6,500	—
						Sept. 19		500	13,501	14,000	5,000	6,000	—

Date entered as a Member..... *March 10th, 19..* .....

Date ceased as a Member.....

19..					£	s	d						
Mar. 10		1,000	10,001	11,000	10,000	—	—				1,000	10,000	—

Date entered as a Member..... *March 22nd, 19..* .....

Date ceased as a Member.....

19..					£	s	d						
Mar. 22		1,000	11,001	12,000	10,000	—	—				1,000	10,000	—

Date entered as a Member..... *May 24th, 19..* .....

Date ceased as a Member.....

19..													
May 24		1,000	12,001	13,000							1,000	10,000	—

Date entered as a Member..... *June 23rd, 19..* .....

Date ceased as a Member.....

19..					£	s	d						
June 23		500	13,001	13,500	5,000	—	—				500	5,000	—

Date entered as a Member..... *September 19th, 19..* .....

Date ceased as a Member.....

19..					£	s	d						
Sept. 19		500	13,501	14,000	5,000	—	—				500	5,000	—

## REGISTER OF MEMBERS

Name.....*Smith, Fred*..... Occupation.....*Surveyor*.....Address.....*12 Brooke Street, Lyndhurst* .....*Dr.*

## CASH ACCOUNT

*Cr.*

Date.	Particulars.	Fo.	Amount Called up per Share.			Total Amount Called up.			Date.	Particulars.	Fo.	Total Amount Paid up.		
19.. Feb. 23	To Application and Allotment		£	s.	d.	£	s.	d.	19.. Feb. 16	By Cash . . .		£	s.	d.
			3	—	—	3,000	—	—	" 23	" Cash . . .		1,800	—	—
						<u>£3,000</u>	—	—				<u>1,200</u>	—	—
Apr. 1	To First Call . .		3	—	—	<u>£3,000</u>	—	—	Apr. 1	By Cash . . .		<u>£3,000</u>	—	—
June 1	" Second Call. .		2	—	—	<u>£2,000</u>	—	—	June 1	" Cash . . .		<u>£2,000</u>	—	—
Aug. 1	" Final Call . .		2	—	—	<u>£2,000</u>	—	—	Aug. 1	" Cash . . .		<u>£2,000</u>	—	—

Name.....*Finch, Thomas E.*..... Occupation.....*Journalist*.....Address.....*64 Fleet Street, London, E.C.*.....

			£	s.	d.	£	s.	d.				£	s.	d.
19.. Feb. 23	To Application and Allotment		3	—	—	1,500	—	—	19.. Feb. 17	By Cash . . .	900	—	—	—
									" 23	" Cash . . .	600	—	—	—
						£1,500	—	—			£1,500	—	—	—
Apr. 1	To First Call . .		3	—	—	£1,500	—	—	Apr. 1	By Cash . . .	£1,500	—	—	—
June 1	" Second Call . .		2	—	—	£1,000	—	—	June 1	" Cash . . .	£1,000	—	—	—
Aug. 1	" Final Call . .		2	—	—	£1,000	—	—	Aug. 1	" Cash . . .	£1,000	—	—	—

Name.....*Strong, Philip*..... Occupation.....*Architect*.....Address.....*17 Thornville Road, Buxton*.....

			£	s.	d.	£	s.	d.				£	s.	d.
19.. Feb. 23	To Application and Allotment		3	—	—	3,000	—	—	19.. Feb. 18	By Cash . . .	1,500	—	—	—
									" 23	" Cash . . .	1,500	—	—	—
						£3,000	—	—			£3,000	—	—	—
Apr. 1	To First Call . .		3	—	—	£3,000	—	—	Apr. 1	By Cash . . .	£3,000	—	—	—
June 1	" Second Call . .		2	—	—	£2,000	—	—	June 1	" Cash . . .	£2,000	—	—	—
Aug. 1	" Final Call . .		2	—	—	£2,000	—	—	Aug. 1	" Cash . . .	£2,000	—	—	—

## AND SHARE LEDGER (PREFERENCE SHARES)

Date entered as a Member..... *February 23rd, 19..* .....

Date ceased as a Member.....

## SHARES ACCOUNT

SHARES ACQUIRED.					SHARES TRANSFERRED.					BALANCE.			
Date.	Fo.	No. of Shares.	Distinctive Numbers.		Amount Paid up.	Date.	Fo.	No. of Shares.	Distinctive Numbers.		Amount Paid up.	No. of Shares.	Amount Paid up.
			From	To					From	To			
19..											£	s	d
Feb. 23		1,000	1	1,000								1,000	3,000
												1,000	6,000
												1,000	8,000
												1,000	10,000
						19..							
						Mar. 25		100	1	100	1,000	900	9,000

Date entered as a Member..... *February 23rd, 19..* .....

Date ceased as a Member.....

19..					£	s	d						£	s	d
Feb. 23		500	1,001	1,500									500	1,500	
Mar. 25		100	1	100	1,000								500	3,000	
May 16		1,000	8,001	9,000	10,000								500	4,000	
													500	5,000	
													600	6,000	
													1,600	16,000	

Date entered as a Member..... *February 23rd, 19..* .....

Date ceased as a Member.....

19..											£	s	d		£	s	d
Feb. 23		1,501	2,500											1,000	3,000		
														1,000	6,000		
														1,000	8,000		
														1,000	10,000		
						19..											
						Aug. 20		500	1,501	2,000	5,000	500	5,000				



## REGISTER OF MEMBERS AND

Name.....*Carter, Grace M.*..... Occupation.....*Spinster*.....Address.....*2 Boulders Lane, Cleethorpes*.....

Dr.

## CASH ACCOUNT

Cr.

Date.	Particulars.	Fo.	Amount Called up per Share.	Total Amount Called up.	Date.	Particulars.	Fo.	Total Amount Paid up.
19.. Feb. 23	To Application and Allotment		£ s. d. 3 - -	£ s. d. 1,500 - -	19.. Feb. 18 " 23	By Cash . . . " Cash . . .		£ s. d. 900 - - 600 - - £1,500 - -
Apr. 1	To First Call . .		3 - -	£1,500 - -	Apr. 1	By Cash . . .		£1,500 - -
June 1	" Second Call. .		2 - -	£1,000 - -	June 1	" Cash . . .		£1,000 - -
Aug. 1	" Final Call . .		2 - -	£1,000 - -	Aug. 1	Cash . . .		£1,000 - -

Name.....*Turner, Reginald*..... Occupation.....*Merchant*.....Address.....*56 Longworth Road, Thurston*.....

19.. Feb. 23	To Application and Allotment		£ s. d. 3 - -	£ s. d. 3,000 - -	19.. Feb. 18 " 23	By Cash . . . " Cash . . .		£ s. d. 1,800 - - 1,200 - - £3,000 - -
Apr. 1	To First Call . .		3 - -	£3,000 - -	Apr. 1	By Cash . . .		£3,000 - -
June 1	" Second Call. .		2 - -	£2,000 - -	June 1	" Cash . . .		£2,000 - -
Aug. 1	" Final Call . .		2 - -	£2,000 - -	Aug. 1	" Cash . . .		£2,000 - -

Name.....*Brown, Arthur*..... Occupation.....*Broker*.....Address.....*95 St. Peter's Road, Somerset*.....

19.. Feb. 23	To Application and Allotment		£ s. d. 3 - -	£ s. d. 3,000 - -	19.. Feb. 19 " 23	By Cash . . . " Cash . . .		£ s. d. 1,500 - - 1,500 - - £3,000 - -
Apr. 1	To First Call . .		3 - -	£3,000 - -	Apr. 1	By Cash . . .		£3,000 - -
June 1	" Second Call. .		2 - -	£2,000 - -	June 1	" Cash . . .		£2,000 - -
Aug. 1	" Final Call . .		2 - -	£2,000 - -	Aug. 1	" Cash . . .		1,000 - -
	" Interest . .			4 2 2	" 10	" Cash . . . (incl. Int.)		1,004 2 2
				£2,004 2 2				£2,004 2 2

## SHARE LEDGER (PREFERENCE SHARES)

Date entered as a Member.....*February 23rd, 19.* .....

Date ceased as a Member.....

## SHARES ACCOUNT

SHARES ACQUIRED.					SHARES TRANSFERRED.					BALANCE.			
Date.	Fo.	No. of Shares.	Distinctive Numbers.		Amount Paid up.	Date.	Fo.	No. of Shares.	Distinctive Numbers.		Amount Paid up.	No. of Shares.	Amount Paid up.
			From	To					From	To			
19..													
Feb. 23		500	2,501	3,000								500	£ 1,500
												500	3,000
												500	4 000
												500	5,000

Date entered as a Member.....*February 23rd, 19.* .....

Date ceased as a Member.....

19..					£	s	d						£	s	d
Feb. 23		1,000	3,001	4,000								1,000	3,000		
July 16		500	5,001	5,500	5,000	--						1,000	6,000		
												1,000	8,000		
												1,000	10,000		
												1,500	15,000		

Date entered as a Member.....*February 23rd, 19.* .....

Date ceased as a Member.....

19..													£	s	d
Feb. 23		1,000	4,001	5,000								1,000	3,000		
												1,000	6,000		
												1,000	8,000		
												1,000	10,000		

## REGISTER OF MEMBERS AND

Name.....*Trelwyn, Norman*..... Occupation.....*Mason* .....Address.....*110 Lime Street, Liverpool* .....

Dr.

## CASH ACCOUNT

Cr.

Date.	Particulars.	Fo.	Amount Called up per Share.		Total Amount Called up.		Date.	Particulars.	Fo.	Total Amount Paid up.	
19.. Feb. 23	To Application and Allotment		£	s. d.	£	s. d.	19.. Feb. 19	By Cash . . .		£	s. d.
			3	-	4,500	-	" 23	" Cash . . .		2,250	-
										2,250	-
					£4,500	-				£4,500	-
Apr. 1	To First Call . .		3	-	£4,500	-	Apr. 1	By Cash . . .		£4,500	-
June 1	" Second Call. .		2	-	£3,000	-	June 1	" Cash . . .		£3,000	-
Aug. 1	" Final Call . .		2	-	£3,000	-	Aug. 1	" Cash . . .		£3,000	-

Name.....*Philpott, Leslie*..... Occupation.....*Butcher* .....Address.....*14 Larneway Avenue, Buxton* .....

19.. Feb. 23	To Application and Allotment		£	s. d.	£	s. d.	19.. Feb. 20	By Cash . . .		£	s. d.
			3	-	1,500	-	" 23	" Cash . . .		900	-
										600	-
					£1,500	-				£1,500	-
Apr. 1	To First Call . .		3	-	£1,500	-	Apr. 1	By Cash . . .		£1,500	-
June 1	" Second Call. .		2	-	£1,000	-	June 1	" Cash . . .		£1,000	-
Aug. 1	" Final Call . .		2	-	£1,000	-	Aug. 1	" Cash . . .		£1,000	-

Name.....*French, Harold*..... Occupation.....*Designer* .....Address.....*106 Corncrake Lane, Leicester* .....

19.. Feb. 23	To Application and Allotment		£	s. d.	£	s. d.	19.. Feb. 20	By Cash . . .		£	s. d.
			3	-	3,000	-	" 23	" Cash . . .		1,800	-
										1,200	-
					£3,000	-				£3,000	-
Apr. 1	To First Call . .		3	-	£3,000	-	Apr. 1	By Cash . . .		£3,000	-
June 1	" Second Call. .		2	-	£2,000	-	June 1	" Cash . . .		£2,000	-
Aug. 1	" Final Call . .		2	-	£2,000	-	Aug. 1	" Cash . . .		£2,000	-

## SHARE LEDGER (PREFERENCE SHARES)

Date entered as a Member..... *February 23rd, 19.....*

Date ceased as a Member.....

## SHARES ACCOUNT

SHARES ACQUIRED.					SHARES TRANSFERRED.							BALANCE.		
Date.	Fo.	No. of Shares.	Distinctive Numbers.		Amount Paid up.	Date.	Fo.	No. of Shares.	Distinctive Numbers.		Amount Paid up.	No. of Shares.	Amount Paid up.	
			From	To					From	To				
19.. Feb. 23		1,500	5,001	6,500							£ s d	1,500	£ 4,500	
												1,500	9,000	
												1,500	12,000	
												1,500	15,000	
						19.. July 16		500	5,001	5,500	5,000	- -	1,000	10,000

Date entered as a Member..... *February 23rd, 19.....*Date ceased as a Member..... *April 20th, 19.....*

19.. Feb. 23		500	6,501	7,000							£ s d	500 500 500 500	£ 1,500 3,000 4,000 5,000
						19.. Apr. 20	500	6,501	7,000		5,000 --	N il	

Date entered as a Member..... *February 23rd, 19.....*

Date ceased as a Member.....

19.. Feb. 23 Apr. 20 Aug. 20		1,000 500 500	7,001 6,501 1,501	8,000 7,000 2,000	£ s d							1,000 1,000 1,000 1,000 1,500 2,000	£ 3,000 6,000 8,000 10,000 15,000 20,000
---------------------------------------	--	---------------------	-------------------------	-------------------------	-------	--	--	--	--	--	--	--	--

## REGISTER OF MEMBERS AND

Name.....*Smith, Alfred*..... Occupation.....*Banker*.....Address.....*2 Grange Mansions, Pudworth*.....*Dr.*

## CASH ACCOUNT

*Cr.*

Date.	Particulars.	Fo.	Amount Called up per Share.			Total Amount Called up.			Date.	Particulars.	Fo.	Total Amount Paid up.		
			£	s.	d.	£	s.	d.				£	s.	d.
19..									19..					
Feb. 23	To Application and Allotment		3	-	-	6,000	-	-	Feb. 21	By Cash . . .		3,750	-	-
									" 23	" Cash . . .		2,250	-	-
						£6,000	-	-				£6,000	-	-
Apr. 1	To First Call . .		3	-	-	£6,000	-	-	Apr. 1	By Cash . . .		£6,000	-	-
June 1	" Second Call. .		2	-	-	£4,000	-	-	June 1	" Cash . . .		£4,000	-	-
Aug. 1	" Final Call . .		2	-	-	£4,000	-	-	Aug. 1	" Cash . . .		£4,000	-	-

NAMES, ETC., OF THE DIRECTORS OF  
on the fourteenth

The present Christian Name or Names and Surname.	Any former Christian Name or Names or Surname.
Smith, Alfred, <i>Managing Director</i> . . .	
Trelwyn, Norman . . . . .	
Strong, Philip . . . . .	
Soames, Robert, <i>Chairman of Directors</i> .	
Smith, Fred . . . . .	

## SHARE LEDGER (PREFERENCE SHARES)

Date entered as a Member.....February 23rd, 19.....

Date ceased as a Member.....

## SHARES ACCOUNT

SHARES ACQUIRED.					SHARES TRANSFERRED.					BALANCE.				
Date.	Fo.	No. of Shares.	Distinctive Numbers.		Amount Paid up.	Date.	Fo.	No. of Shares.	Distinctive Numbers.		Amount Paid up.	No. of Shares.	Amount Paid up.	
			From	To					From	To				
19..											£	s	d	
Feb. 23		2,000	8,001	10,000								2,000	6,000	
												2,000	12,000	
												2,000	16,000	
												2,000	20,000	
						19..								
						May 16		1,000	8,001	9,000	10,000	1,000	10,000	
				</										

## THE BRITISH TIMBER SYNDICATE, LIMITED

day of March, 19..

Nationality.	Nationality of Origin (if other than the present Nationality).	Usual Residence.	Other business occupations, if any (including Directorships in other Companies). [If none, state so.]
British		2 Grange Mansions, Pudworth .	Banker
British		110 Lime Street, Liverpool . . .	Mason
British		17 Thornville Road, Buxton . . .	Architect
British		17 Lionel Gardens, Bromley . . .	Gentleman
British		12 Brooke Street, Lyndhurst . . .	Surveyor

## ANNUAL RETURN

OF THE

## BRITISH TIMBER SYNDICATE LTD.

made up to the 24th day of March, 19..

A Company's Registration Fee Stamp of 5s. must be impressed here.
--

(Being the Fourteenth Day after the date of  
the First Ordinary General Meeting in 19..)

The Address of the Registered Office of the Company is as follows—

Nominal Capital £200,000 divided into	
10,000 ORDINARY Shares of £10 each	
10,000 PREFERENCE Shares of £10 each	
Total Number of Shares taken up to the 24th day of March, 19...	} 10,000 ORD. 10,000 PREF.
(Which number must agree with the TOTAL shown in the List as held by existing Members)	
Number of Shares issued subject to payment wholly in Cash . . . . .	} 10,000
Number of Shares issued as fully paid up otherwise than in Cash . . . . .	} 10,000
Number of Shares issued as partly paid up to the extent of.....per Share otherwise than in Cash }	nil
There has been called up on each of 10,000 PREFERENCE Shares . . . . .	} £10
Total Amount of Calls received, including Payments on Application and Allotment . . . . .	} £100,000
Total Amount (if any) agreed to be considered as paid on 10,000 ORDINARY Shares which have been issued as fully paid up otherwise than in Cash . . . . .	} £100,000

NOTE.—The above Form is complete for the purpose of this Exercise. The actual Form is as illustrated on page 584 of *Advanced Accounts*.

(For NAMES, ETC., OF DIRECTORS, see previous pages.)

## BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.			£	s.	d.	£	s.	d.
<i>Nominal and Issued Capital—</i>								
10,000 Ordinary Shares of £10 each			100,000	—	—			
(fully paid)								
10,000 6% Cumulative Preference								
Shares of £10 each (fully paid).			100,000	—	—			
						200,000	—	—
Sundry Creditors . . . . .						6,000	—	—
<i>Profit and Loss Account—</i>								
Balance at credit . . . . .						8,000	—	—
						<u>£214,000</u>	—	—
PROPERTY AND ASSETS.						£	s.	d.
Freehold Land and Buildings . .						80,000	—	—
(at cost less Depreciation)								
Fixed Plant and Machinery . . .						60,000	—	—
(at cost less Depreciation)								
Movable Plant and Loose Tools . .						10,000	—	—
(at valuation made by Company's								
Manager)								
Goodwill . . . . .						15,000	—	—
Stock of Timber . . . . .						12,000	—	—
Sundry Debtors . . . . .						18,000	—	—
Cash in hand and at Bank . . . .						19,000	—	—
						<u>£214,000</u>	—	—

(Signed).....

Auditors to the Company.

(For List of Persons, etc., see following pages.)



LIST of Persons holding Shares in THE BRITISH TIMBER SYNDICATE, LIMITED, time since the date of the last Return, or (in the case of the First Return) of the of the Shares so held.

Folio in Register Ledger containing Particulars.	NAMES, ADDRESSES, AND OCCUPATIONS.			
	SURNAME.	CHRISTIAN NAME(S).	ADDRESS.	OCCUPATION.
O.S.L.	Poole & Co.			
P.S.L.	Laurel . .	Francis . .	16 Penzance Road Falmouth . . .	Mason
	Tomlin . .	Bert . . .	27 Elgin Avenue, Somerset . . .	Grocer
	Charlton .	Leslie . . .	3 Lothbury Mansions, Poole . . .	Banker
	Dalton . .	Charles . .	64 Roseberry Avenue, Paignton . . .	Builder
	Soames . .	Robert. . .	17 Lionel Gardens, Bromley . . .	Gentleman
	Smith . .	Fred . . .	12 Brooke Street, Lyndhurst . . .	Surveyor
	Finch . .	Thomas E. .	64 Fleet Street, London, E.C. . . .	Journalist
	Strong . .	Philip . . .	17 Thornville Road, Buxton . . .	Architect
	Carter . .	Grace M. . .	2 Boulders Lane, Cleethorpes . . .	Spinster
	Turner . .	Reginald . .	56 Longworth Road, Thurston . . .	Merchant
	Brown . .	Arthur. . .	95 St. Peter's Road, Somerset . . .	Broker
	Trelwyn .	Norman . .	110 Lime Street, Liverpool . . .	Mason
	Philpott .	Leslie . . .	14 Larneway Avenue, Buxton . . .	Butcher
	French . .	Harold. . .	106 Corncrake Lane, Leicester . . .	Designer
	Smith . .	Alfred . . .	2 Grange Mansions, Pudworth . . .	Banker



## EXERCISE XXIV—No. 1.

See *Advanced Accounts*, page 1065.

## EXERCISE XXIV—No. 2.

CONSERVATIVE BANK, LTD.

CONFIDENTIAL

BALANCE SHEET ON 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES		PROPERTY AND ASSETS.	
£	s. d.	£	s. d.
Capital Subsd. & Paid-up.	—	Freehold Premises. . . .	—
Reserve Fund	—	<i>Investments</i> , viz.—	—
Customers' Current and Deposit Accounts. . .	—	English Government . . .	1,250,000
Acceptances on behalf of Customers. . . . .	—	Other Govt. Securities . .	520,000
Rebate on Bills not due, carried to next account .	—	Securities Pledged with Public Bodies . . . .	81,000
Profit and Loss Account, available for distribution	—	Indian and Colonial Securities . . . . .	1,101,000
		Discounted Bills of Exchange, Loans, and Advances . . . . .	2,952,000
		Liabilities of Customers for Acceptances as <i>per contra</i> . . . . .	14,482,000
		Cash in hand and at Bank of England . .	1,725,420
			2,600,980
			£22,140,400

## EXERCISE XXIV—No. 3.

See *Advanced Accounts*, pages 1057 (under Notes on the Books) to 1060, also page 1067 (under General Cash Book and Ledger).

EXERCISE XXIV—No. 4.

EXERCISE XXIV—NO. 4.

The Coin, Notes, and Cheques would, first of all, be recorded in the Receiving Cashier's Counter Cash Book as having been received from John Smith. The paying-in slip would then be passed to a ledger clerk, who would post to the credit of John Smith's Current Account. A second clerk would enter up the customer's Pass Book (*credit side*) from the Paying-in Slip. Particulars of coin, cheques, and notes are entered into a "Received Waste Book", under appropriate headings, the object being to facilitate the clearing of cheques, which is effected later.

# EXERCISE XXIV—Nos. 5 and 6.

See *Advanced Accounts*, page 1075 (under "NOTES ON THE BALANCE SHEET").

## EXERCISE XXIV—No. 7.

### CURRENT ACCOUNT LEDGER

*Robert Collins,*  
12 *Lutpus Avenue, Leighton.*

Date.	Details.	Fol.	Amount.		Nature of Bal.	Balance.	INTEREST.			
			Dr.	Cr.			Days.	Pro-ducts.	Rate.	Amount.
19..										
Dec. 31	By Balance . .	.	£	£	Cr.	£	5	£		£
19..										
Jan. 5	To Cheque . .	.	115		"	1,144 7 6	29	29,841		
Jan. 3	To Cheque . .	.	20		"	1,009 7 6	11	11,099		
Feb. 14	By Cash . .	.		240	"	1,249 7 6	17	21,233		
"	To Cheque . .	.	75		"	1,174 6 6	31	36,394		
Mar. 3	By Cash . .	.		64	"	1,238 6 6	2	2,476		
Apr. 3	To Cheque . .	.	24		"	1,214 6 6	11	13,354		
" 5	To Cheque . .	.	41		"	1,173 6 6	15	17,595		
" 16	To Cheque . .	.		76	"	1,249 6 6	11	13,739		
May 1	By Cash . .	.	20		"	1,228 13 -	5	6,145		
" 12	To Cheque . .	.	54		"	1,174 8 -	6	7,044		
" 17	To Cheque . .	.		190	"	1,364 8 -	10	13,640		
" 23	By Cash . .	.	74		"	1,290 3 4	13	16,770		
June 2	To Cheque . .	.	40		"	1,250 3 4	15	18,750		
" 15	To Cheque . .	.	* 1		"	1,261 17 11				
" 30	Interest, amounts of	.	1,260		"			£213,800	2%	£11 14 7
" 30	To Balance c/d . .	.			"					
" 30	* 1% on Turnover.	.	1,726		"	£1,726 2 1				
			£1,726	2 1		£1,726 2 1				

EXERCISE XXIV—No. 8.

CURRENT ACCOUNT LEDGER

*Fredrick Stevens,  
27 Montgomery Mansions, Leverbridge.*

Date.	Details.	Fol.	Amount.		Nature of Bal.	Balance.	INTEREST.			
			<i>Dr.</i>	<i>Cr.</i>			Days.	Pro-ducts.	Rate.	Amount.
19. Dec. 31	To Balance .	.	£ 554 5 6		<i>Dr.</i>	£ 554 5 6	17	£ 9,418	4%	£ 1 11 11
19. Jan. 17	To Cheque .	.	20 — —		"	574 5 6	9	5,166		
26 Jan. 17	By Cash .	.		137 1 2	"	437 4 4	17	7,429	4½%	
" Feb. 12	To Cheque .	.	74 5 6		"	511 9 10	7	3,577		
19 Feb. 19	By Cash .	.		130 5 6	"	381 4 4	12	4,572		
" Mar. 3	To Cheque .	.	100 — —		"	481 4 4	26	12,506		
" Mar. 29	By Cash .	.		116 4 2	"	365 — 2	4	1,460	5%	3 9 2
Apr. 2	To Cheque .	.	40 — —		"	405 — 2	21	8,505		
" Apr. 23	" Cheque .	.	35 — 6		"	440 — 8	3	1,320		
" May 1	By Cash .	.	54 12 2		"	494 12 10	5	2,475		
June 21	To Cheque .	.	26 4 2	98 5 2	"	396 7 8	51	20,196		
27 "	" Cheque .	.	160 4 8		"	422 11 10	6	2,538	5½%	4 13 —
" 30	" Interest .	.	* 11 12 6		"	582 16 6	3	1,749		12 11
" 30	(inc. ¼% on Turnover) By Balance c/d .	.		594 9 —	"		* Interest on Turnover = £1/5/6			
			£1,076 5 —	£1,076 5 —		594 9 —				£10 7 —

EXERCISE XXIV—No. 9.

CURRENT ACCOUNT LEDGER

R. Craven.

Date.	Details.	Fol.	Amount.		Nature of Bal.	Balance.	INTEREST.			
			Dr.	Cr.			Days.	Pro-ducts.	Rate.	Amount.
19.. 1	By Cash	.	£	s. d.	Cr.	£	s. d.	£	s. d.	
Jan. 20	Cash	.			"	1,000	—	19,000	2%	
" 20	To Cheque	.	1,200	—	"	1,500	—	46,500	"	
Feb. 20	By Cash	.			"	300	—	8,400	"	
Mar. 20	To Cheque	.	1,000	—	Dr.	900	—	27,900	"	
Apr. 20	By Cash	.			Cr.	100	—	3,000	5%	
May 20	To Cheque	.	500	—	"	600	—	18,600	2%	
June 20	Interest	.		8 3		100	—	1,000	"	
" 30	" Balance c/d	.	106 4 9							
" 30			£2,806 13	—		£106 4 9	Cr.			



EXERCISE XXIV—No. II.

CURRENT ACCOUNT LEDGER

J. B.

Date.	Details.	Fol.	Amount.		Nature of Bal.	Balance.	INTEREST.				
			Dr.	Cr.			Days.	Products. Dr.	Cr.	Rate.	Amount.
19..	By Balance . .				Cr.	£ 250	17	£	£ 4,250		£ s. d.
Apr. 1	" Cash . .				"	1,100	24		26,400		
" 17	To Cheque . .		400		"	700	9		6,300		
May 11	By Cash . .			170	"	870	15		13,050		
" 20	To Cheque . .		1,070		Dr.	200	9	1,800			
June 4	By Cash . .			200	"	500	6	7,000	4,050		
" 13	To Cheque . .		500		"	150	14				
" 19	By Cash . .			650	Cr.	250	27	8,000			
July 3	To Cheque . .		400		Dr.		32				
" 30	By Interest . .			12 11							
Aug. 31	By Interest . .			7 1				16,800		5%	2 6 -Dr.
" 31	" Balance c/d .									2%	2 18 11 Cr.
			£2,370	£2,370	Dr.	249 7 1			54,050		12 11 Cr.



**EXERCISE XXIV—No. 12.**

The positions of the following items in the Balance Sheet are as stated below—

(1) *Current Accounts* are the running accounts of business men with the bank, and appear on the **LIABILITIES** side of the Balance Sheet.

(2) *Investments* are sums invested in Government, municipal, or other gilt-edged securities, and appear on the **ASSETS** side of the Balance Sheet.

(3) *Rebate on Bills not due* is the unexpired portion of Discount on Bills discounted and appears on the **LIABILITIES** side of the Balance Sheet.

(4) *Short Loans* are sums advanced to bill brokers secured by the deposit of bills, etc., and appear on the **ASSETS** side of the Balance Sheet. See also *Advanced Accounts*, page 1075.

**EXERCISE XXIV—No. 13.**

See answer to Exercise XXIV—No. 4 (page 904).

**EXERCISE XXIV—No. 14.****TRIAL BALANCE**

	<i>Dr.</i>		<i>Cr.</i>	
	<i>£</i>	<i>s. d.</i>	<i>£</i>	<i>s. d.</i>
Current and Deposit Accounts . . . . .			7,731,450	- -
Acceptances on behalf of Customers . . . . .	1,200,000	- -	1,200,000	- -
Capital Subscribed, 50,000 Shares . . . . .			1,250,000	- -
Reserve Fund . . . . .			600,000	- -
Profit and Loss Account . . . . .			15,300	- -
Interest accrued and paid . . . . .	25,500	- -		
Current Expenses, Salaries, etc. . . . .	71,250	- -		
Amount added to Staff Retirement Fund . . . . .	3,000	- -		
Premises Account, amount written off . . . . .	22,500	- -		
Gross Profit for year . . . . .			244,500	- -
Cash in hand and at Bank of England . . . . .	1,584,750	- -		
Money at Call and Short Notice . . . . .	274,250	- -		
Consols (Reserve Fund) . . . . .	600,000	- -		
Consols and Securities . . . . .	825,000	- -		
Colonial and Railway Stocks . . . . .	637,500	- -		
English Corporation Stocks . . . . .	235,500	- -		
Bills, discounted . . . . .	379,500	- -		
Loans and Advances . . . . .	4,665,000	- -		
Bank Premises, Furniture, etc. . . . .	337,500	- -		
Freehold and Leasehold Properties . . . . .	180,000	- -		
	<u>£11,041,250</u>	- -	<u>£11,041,250</u>	- -

THE CAMBERWELL BANKING CO., LTD.

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## EXERCISE XXIV—No. 17.

## THE WEYSIDE CO., LTD.

## JOURNAL

		£	s.	d.	£	s.	d.
19..							
Jan. ..	Application A/c (Ordinary Shares) . To Ordinary Share Capital . 2/6 per share on 52,000 shares.	6,500	—	—	6,500	—	—
" ..	Application A/c (Preference Shares) . To Preference Share Capital . 2/6 per share on 100,000 shares.	12,500	—	—	12,500	—	—
" ..	Allotment A/c (Ordinary Shares) . To Ordinary Share Capital . 2/6 per share on 52,000 shares.	6,500	—	—	6,500	—	—
Jan. ..	Richard Blank (Vendor) . . . . To Ordinary Share Capital . For issue of balance of ordinary shares to vendor in part pay- ment of purchase price of busi- ness.	48,000	—	—	48,000	—	—
" ..	Allotment A/c (Preference Shares) . To Preference Share Capital . 2/6 per share on 100,000 shares.	12,500	—	—	12,500	—	—
Jan. 15	First Call A/c (Ordinary Shares) . To Ordinary Share Capital . 5/- per share on 52,000 shares.	13,000	—	—	13,000	—	—
" 15	First Call A/c (Preference Shares) . To Preference Share Capital . 5/- per share on 100,000 shares.	25,000	—	—	25,000	—	—
Feb. 15	Second Call A/c (Ordinary Shares) . To Ordinary Share Capital . 5/- per share on 52,000 shares.	13,000	—	—	13,000	—	—
" 15	Second Call A/c (Preference Shares) . To Preference Share Capital . 5/- per share on 100,000 shares.	25,000	—	—	25,000	—	—
Mar. ..	Ordinary Share Capital . . . . To Forfeited Shares A/c . . . . " Allotment A/c . . . . " First Call A/c . . . . " Second Call A/c . . . . Being 500 shares of £1 each, 15/- called, forfeited by J. Smith as per Resolution No.....	375	—	—	62 62 125 125	10 10 — —	— — — —
		£162,375	—	—	£162,375	—	—

THE WEYSIDE CO., LTD.  
BALANCE SHEET AS AT 28TH FEBRUARY, 19..

914

## EXERCISE XXV—No. 1.

STATEMENT SHOWING ESTATE DUTY AND  
INTEREST PAYABLE

	Duty and Interest Payable on Original Affidavit			Additional on Corrective Affidavit			Aggregation		
	£	s.	d.	£	s.	d.	£	s.	d.
Realty . . . . .	2,000	-	-	700	-	-	2,700	-	-
Personalty . . . . .	17,000	-	-	3,000	-	-	20,000	-	-
	19,000	-	-						
Less Debts . . . . .	£								
„ Funeral Expenses . . . . .	150								
	60								
	210	-	-						
Duty at 8 per cent paid on . . . . .	£18,790	-	-	£3,700	-	-	£22,700	-	-
£18,790 at 8 per cent . . . . .	1,503	4	-						
Add Interest on duty on net personalty of £16,790 = £1,343 4s. at 3 per cent per annum from 1st October, 1936, to 1st November, 1936 (31 days) . . . . .	3	8	5						
	1,506	12	5						
Duty on £3,700 at 9 per cent . . . . .				333	-	-			
Additional Duty on £18,790 at 1 per cent . . . . .				187	18	-			
				520	18	-			
Add Interest on duty of 1 per cent net personalty on original affidavit (£16,790) = £187 18s. at 3 per cent per annum from 1st October, 1936, to 1st January, 1937 (92 days) . . . . .				1	8	5			
Add Interest on duty of 9 per cent additional net personalty on corrective affidavit (£3,000) = £270 at 3 per cent per annum from 1st October, 1936, to 1st January, 1937 (92 days) . . . . .				2	2	10			
	£1,506	12	5	£524	9	3	£2,031	1	8

EXERCISE XXV—No. 2.

Dr.

CASH BOOK

Cr.

	Voucher No.	Income	Capital	Bank		Voucher No.	Income	Capital	Bank	
1937		£	s. d.	£	s. d.		£	s. d.	£	s. d.
Jan. 1	To Balance			410	—					
" 5	" Quarter's Interest on Consols, less tax at 4s. 9d.			27	7 1				300	15
" 7	" Capital 887 days	1	4 10	12	—				60	—
" 10	" Cash in House			25	—				125	—
" 15	" Quarter's Rent due Christmas at £100 per annum			45	15				50	—
" 20	" Final Dividend of 6 per cent, less tax on 1000 Shares in X, Ltd. for year to 31st December, 1936			110	2 9				5,000	—
" 28	" Dividend on investment in A. B. Ltd., to 31st January, 1937, net Capital, 335 days	9	17 3	550	—				645	4 10
" 5	" On account of A's share in partnership			687	7 4				5,000	—
" 5	" Interest thereon at 5 per cent per annum, less tax	31	15 5	£6,180	4 10				687	7 4
" 5	" Sundry small investments			550	—				5,000	—
" 5	" To Balance, b/d	£42	17 6	£6,223	2 4				687	7 4
		42	2 6	645	4 10				687	7 4

## Cr.

FREEHOLD HOUSE

		s.	d.
To Estate Account; Value as sworn for Probate .	£	—	—
5,000			
1936 Mar. —			

## Cr.

USE

[illegible]



## INCOME TAX ACCOUNT

<i>Dr.</i>	<b>INCOME TAX ACCOUNT</b>						<i>Cr.</i>
	<i>l.</i>	<i>s.</i>	<i>d.</i>		<i>l.</i>	<i>s.</i>	<i>d.</i>
1937 Jan. 1	To Bank : Schedule A, tax on £140 at 4s. 9d.	.	.	1937 Mar. 31 June 30 Sept. 30 Dec. 31	By Mortgage Account " Mortgage Account " Mortgage Account " Mortgage Account	8 9 9 9	18 7 7 7
						6 6 6 6	

## RENT ACCOUNT

Dr.		RENT ACCOUNT		Cr.	
				£	s. d.
		1937			
		Mar. 31	By Bank	.	.
		June 30	" Bank	.	.
		Sept. 30	" Bank	.	.
		Dec. 31	" Bank	.	.
				40	—
				40	—
				40	—
				40	—

## BANK

Dr.										BANK			Cr.							
										f.	s.	d.								
1937													f.	s.	d.					
Mar. 31	To	Quarter's Rent of House	.	.	.	.	.	.	.	40	—	Jan. —	By	Schedule A. tax	.	.	.	33	5	d.
" June 30	"	Quarter's Rent of House	.	.	.	.	.	.	.	40	—	Mar. 31	"	Mortgage Interest, net	.	.	.	28	11	"
" Sept. 30	"	Quarter's Rent of House	.	.	.	.	.	.	.	40	—	June 30	"	Mortgage Interest, net	.	.	.	2	6	"
" Dec. 31	"	Quarter's Rent of House	.	.	.	.	.	.	.	40	—	Sept. 30	"	Mortgage Interest, net	.	.	.	28	2	"
												Dec. 31	"	Mortgage Interest, net	.	.	.	28	2	"

## EXERCISE XXV—No. 4.

	£	s.	d.	£	s.	d.
Interim dividend of 2% on £2,000 Stock . . . . .	40	—	—			
Less tax at 4s. 9d. in the £ . . . . .	9	10	—	30	10	—
Final dividend of 4% on £2,000 Stock . . . . .	80	—	—			
Less tax at 4s. 9d. in the £ . . . . .	19	—	—	61	—	—
				£91	10	—
This should be apportioned as follows—						
Capital, 3 months . . . . .				22	17	6
Income, 9 months . . . . .				68	12	6
				£91	10	—
Of the above sum attributed to capital of . . . . .				22	17	6
there has already been so attributed . . . . .				20	6	8
leaving to be allocated to capital from the final dividend . . . . .				£2	10	10
Of the final dividend of £61 there should be allocated—						
to Capital . . . . .				2	10	10
to Income . . . . .				58	9	2
				£61	—	—

EXERCISE XXV—No. 5.

Dr.

CASH BOOK

Cr.

	Voucher No.	In- come	Capital	Bank		Voucher No.	In- come	Capital	Bank	
		£ s. d.	£ s. d.	£ s. d.			£ s. d.	£ s. d.	£ s. d.	
1936 Feb. 6	To Quarter's Rent of house due at Christmas, 1935									
" 8	" Dividend of 5% on 1,000 £1 Ordinary Shares in A. B. Ltd., for year to 31st December, 1935		40 - -	40 - -	1936 Mar. 18		3 14 - -	740 - -	743 14 -	
" 22	" Interest on Loan of £500 at 4% for 1st year to 1st March, 1936		38 15 -	38 15 -	" 26		6 7 11	29 12 1	36 - -	
	Capital 153 days				Apr. 6		2 - -	750 - -	752 - -	
Mar. 18	" Bank Loan repaid	1 4 8	6 10 4	7 15 -			21 3 8	381 4 10	402 8 6	
" 26	" Rent due 25th inst., £40 gross less interest on Capital 37 days		750 - -	750 - -						
Apr. 5	" Quarter's Interest on £2,000 3% Local Loans less tax	23 14 10	16 5 2	40 - -						
" 6	" Capital 26 days	8 6 1	3 6 5	11 12 6						
	" £1,000 3½% War Loan		1,046 - -	1,046 - -						
Apr. 6	To Balance b/d	£ 33 5 7	1,900 16 11	1,934 2 6			£ 33 5 7	1,900 16 11	1,934 2 6	
		£ 21 3 8	381 4 10	402 8 6						

## THE STAMBRIDGE PUBLISHING CO., LTD.

BALANCE SHEET AS AT 31ST DECEMBER, 19..

CAPITAL AND LIABILITIES.											
<i>Nominal Capital—</i>		£	s. d.	£	s. d.	PROPERTY AND ASSETS.		£	s. d.	£	s. d.
10,000 Ordinary Shares of £1 each		10,000	—	—	—	Copyrights Account		940	—	18,000	—
4,000 6% Preference Shares of £5 each		20,000	—	—	—	Furniture, fixtures, and fittings.		94	—	—	—
						Less Depreciation		—	—	846	—
		30,000	—	—	—						
<i>Issued Capital—</i>						<i>Stock.</i>					
4,790 Ordinary Shares		4,790	—	—	—	Publishing Department		700	—	5,200	—
Less Calls in Arrear		10	—	—	—	Supply Department		4,500	—	4,000	—
				4,780	—						
4,000 6% Pref. Shares of £5 each		3,000	—	—	—	Goodwill		3,220	—	2,720	—
Reserve Account				20,000	—	Sundry Debtors		500	—	190	—
Add Transfer from Profit and Loss Account		2,000	—	—	—	Less Reserve for Bad Debts					
				5,000	—						
Bills Payable				2,200	—	Bills Receivable		1,760	—	1,850	—
Sundry Creditors				1,250	—	Cash at Bank		90	—		—
Managing Director's Commission				64	13	Cash in hand					
<i>Profit and Loss Account—</i>				3,511	7	General Advertising Expenses		6,000	—	4,000	—
Balance available for distribution.				36,806	—	Less Amount written off, $\frac{1}{3}$		2,000	—		—
				£ 36,806	—					£ 36,806	—



## EXERCISE XXVI—No. 34.

## THE STAMBRIDGE PUBLISHING CO., LTD.

Dr. PUBLISHING TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

	£	s.	d.		£	s.	d.
To Stock, 1st Jan. . . . .	800	—	—	By Sales . . . . .	5,500	—	—
" Paper and Printing . . . . .	4,250	—	—	" Subscribers . . . . .	40	—	—
" Engraving Blocks . . . . .	150	—	—	" Advertisements . . . . .	4,100	—	—
" Literary Contributions . . . . .	400	—	—	" Stock, 31st Dec. . . . .	700	—	—
" Carriage . . . . .	140	—	—				
" Postage and Telegrams . . . . .	30	—	—				
" Advertising Expenses . . . . .	150	—	—				
" Trade Expenses . . . . .	110	—	—				
" Discounts . . . . .	10	—	—				
" Bad Debts . . . . .	20	—	—				
" Wages and Salaries . . . . .	500	—	—				
" Designs for Publications . . . . .	500	—	—				
" Balance, Ner Profit of Dept. . . . .	3,280	—	—				
£ 10,340	—	—	—	£ 10,340	—	—	—

950

Dr. SUPPLY TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

	£	s.	d.		£	s.	d.
To Stock, 1st Jan. . . . .	4,000	—	—	By Sales . . . . .	17,000	—	—
" Purchases . . . . .	9,000	—	—	" Stock, 31st Dec. . . . .	4,500	—	—
" Carriage . . . . .	1,200	—	—				
" Trade Expenses . . . . .	150	—	—				
" Wages and Salaries . . . . .	1,500	—	—				
" Discounts . . . . .	30	—	—				
" Postages and Telegrams . . . . .	90	—	—				
" Designs for Publications . . . . .	500	—	—				
" Balance, Ner Profit of Dept. . . . .	5,030	—	—				
£ 21,500	—	—	—	£ 21,500	—	—	—

PHILLIPS & THOMAS, LTD.

BALANCE SHEET AS AT 31ST DECEMBER, 19...

[illegible]

EXERCISE XXVI—No. 33 (*contd.*).

PHILLIPS & THOMAS, LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19...

Cr.

[illegible] $D_Y.$ 

## APPROPRIATION ACCOUNT

Cr.

[illegible]



EXERCISE XXVI—No. 33.

PHILLIPS & THOMAS, LTD.

Dr.                      TRADING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

To Stock, 1st Jan. . . . .	£	s.	d.	£	s.	d.	By Sales . . . . .	£	s.	d.	£	s.	d.
" Purchases . . . . .	37,960	3	7	8,215	5	4	Less Returns Inwards . . . . .	51,870	5	4	51,703	17	-
" Cash Purchases. . . . .	33	9	2				" Stock, 31st Dec. . . . .	166	8	4	7,346	15	7
	37,993	12	9										
Less Returns Outwards . . . . .	85	14	9	37,907	18	-							
				5,878	2	7							
" Wages . . . . .													
" Coal and Coke . . . . .	768	4	9	712	4	9							
Less Amount in hand . . . . .	56	-	-	6,337	1	11							
" Balance, Gross Profit . . . . .				59,050	12	7							

EXERCISE XXVI—No. 32.

F. SAUNDERS'S STATEMENT OF AFFAIRS AT DATE OF RECEIVING ORDER

Gross Liabilities.			Liabilities.			Expected to Rank.			Assets.			Estimated to Produce.		
£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.	£	s.	d.
3,700	—	—	Unsecured Creditors A . . . . .	2,500	—	3,700	—	—	Property H—	—	—	40	—	—
2,500	—	—	Fully-secured Creditors B . . . . .	3,500	—	—	—	—	Cash . . . . .	—	—	800	—	—
			Value of Security . . . . .	—	—	—	—	—	Stock . . . . .	1,000	—	—	—	—
			Surplus to contra . . . . .	£1,000	—	—	—	—	Machinery . . . . .	900	—	—	—	—
3,000	—	—	Partly-secured Creditors C . . . . .	3,000	—	—	—	—	Fixtures . . . . .	300	—	—	—	—
			Value of Security . . . . .	1,000	—	—	—	—	Total as List H . . . . .	—	—	1,690	—	—
250	—	—	Liability on Bills discounted D . . . . .	—	—	2,000	—	—	Surplus from List B, as per contra . . . . .	—	—	1,000	—	—
120	—	—	Preferential Creditors E—	—	—	250	—	—	Book Debts I—	—	—	500	—	—
20	—	—	Rates and Taxes . . . . .	£20	—	—	—	—	Good . . . . .	—	—	—	—	—
50	—	—	Wages and Salaries . . . . .	50	—	—	—	—	Doubtful . . . . .	220	—	—	—	—
			Deducted in full as per contra . . . . .	70	—	—	—	—	Bad . . . . .	120	—	—	—	—
				£190	—	—	—	—		£340	—	100	—	—
									TOTAL ASSETS . . . . .			3,290	—	—
									Deduct Preferential Creditors as per contra . . . . .			190	—	—
									NET ASSETS . . . . .			3,100	—	—
									DEFICIENCY K . . . . .			2,850	—	—
												£3,950	—	—
£9,640	—	—				£3,950	—	—						

The estate can pay  $\frac{3,100}{5,950} = 10s. 5d.$  in £.

## EXERCISE XXVI—No. 31 (cont.).

## TRADING AND PROFIT AND LOSS ACCOUNT

Dr.

FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

To Stock, 1st Jan.	\$	5,085	By Sales, 31st Dec.	\$	35,806
" Purchases	.	17,846	" Stock, 31st Dec.	.	5,025
" Balance, Gross Profit c/d	.	17,900			
		\$40,831			\$40,831
To General Expenses	7,601		By Trading Account b/d	.	17,900
" Balance, Net Profit to Head Office	10,717		" Discounts Received	.	418
Profit and Loss Account	\$18,318				\$18,318

Liabilities.		\$	Assets.		\$
Sundry Creditors	.	2,062	Cash	.	460
Head Office Account	.	29,319	Bank	.	5,450
		\$31,381			\$31,381
			Sundry Debtors	.	17,710
			Stock	.	5,025
			Fixtures	.	2,736

BALANCE SHEET AS AT 31ST DECEMBER, 19..

<i>Dy.</i>		<i>Cy.</i>	
19.	Dec. 31	19.	Dec. 31
To Branch A/c—		By Branch A/c—	
		Sales	
		Stock, 31st Dec.	
		Branch Profit and Loss A/c	
		Purchases	
		Branch Profit and Loss A/c	
£	s. d.	£	s. d.
1,046	5 11	7,277	12 10
3,627	4 8	1,005	—
3,609	2 3	£8,282	12 10
£8,282	12 10		

*Cy.*

BRANCH TRADING ACCOUNT

<i>Dy.</i>		<i>Cy.</i>	
19.	Dec. 31	19.	Dec. 31
To Branch A/c—		By Branch Trading A/c	
		General Expenses	
		Net Profit to Head Office	
		Discounts Received	
		Difference in Exchange	
£	s. d.	£	s. d.
1,544	18 4	3,609	2 3
2,163	3 8	84	19 2
£3,708	2 —	14	— 7
£3,708	2 —	£3,708	—

*Cy.*

BRANCH PROFIT AND LOSS ACCOUNT

<i>Dy.</i>		<i>Cy.</i>	
19.	Dec. 31	19.	Dec. 31
Liabilities.		Assets.	
Sundry Creditors		Cash	
Branch Account		Bank	
		Sundry Debtors	
		Stock	
		Furniture	
£	s. d.	£	s. d.
412	8 11	1,090	— 92
5,879	11 3	1,182	—
£6,291	19 3	1,005	—
£6,291	19 3	£6,291	19 3

BALANCE SHEET AS AT 31ST DECEMBER, 19.

<i>Dy.</i>		<i>Cy.</i>	
19.	Jan.-Dec.	19.	Dec. 31
To Cash		By Transfer to Head Office	
£	s. d.	£	s. d.
14,000	—	14,000	—

*Cy.*

REMITTANCES FROM HEAD OFFICE

<i>Dy.</i>		<i>Cy.</i>	
19.	Dec. 31	19.	Dec. 31
To Transfer from Remittances Account		By Balance	
		Profit and Loss Account	
		(Net gain)	
£	s. d.	£	s. d.
14,000	—	32,602	—
29,319	—	10,717	—
£43,319	—	£43,319	—

*Cy.*

HEAD OFFICE ACCOUNT

## EXERCISE XXXVI—No. 31 (cont.).

## TRADING AND PROFIT AND LOSS ACCOUNT

Dr.

FOR THE YEAR ENDED 31ST DECEMBER, 19..

Cr.

To Stock, 1st Jan.	\$	5,085	By Sales.	By Stock, 31st Dec.	\$	85,806
" Purchases	.	17,846	" Trading Account b/d	.	17,900	5,025
" Balance, Gross Profit c/d	.	17,900	" Discounts Received	.	418	
To General Expenses	.	7,601				
" Balance, Net Profit to Head Office	.	10,717				
" Profit and Loss Account						
	\$40,831				\$40,831	
	\$18,318					\$18,318

## BALANCE SHEET AS AT 31ST DECEMBER, 19..

Liabilities.			Assets.			
Sundry Creditors	.	2,062	Cash	.	29,319	\$
Head Office Account	.		Bank	.		5,460
	.			.		\$
		\$31,381				\$
			Sundry Debtors	.		5,910
			Stock	.		17,710
			Fixtures	.		5,025
				.		2,736
				.		\$31,381

EXERCISE XXVI—No. 31 (contd.).

[illegible]

<i>Dy.</i>	<b>BRANCH PROFIT AND LOSS ACCOUNT</b>						<i>Ct.</i>
19. Dec. 31	To Branch A/c— General Expenses, Net Profit to Head Office . . . . .	f	s. d.	-	-	-	
	1,544	18	4	3	8	2	-
	2,163	-	-	-	-	-	-
	<u>f3,708</u>	-	-	-	-	-	-
	By Branch Trading A/c	f	s. d.	-	-	-	
	" Branch A/c— Discounts Received Difference in Ex- change . . . . .	3,609	2	3	a.	14	7
	<u>f3,708</u>	-	-	-	-	-	-

BALANCE SHEET AS AT 31ST DECEMBER, 19..

Liabilities.		Assets.	
Sundry Creditors	£ 412 8	Cash	£ 1,090 92
Branch Account	5,879 11 3	Sundry Debtors	3,542 - -
		Stock	1,005 - -
		Furniture	562 - -
			1,182 - -
			£ 6,291 19 3

## CHICAGO BRANCH LEDGER

Dr.	REMITTANCES FROM HEAD OFFICE				Cr.
19..	To Cash . . . . .	\$ 14,000	19..	By Transfer to Head Office .	\$ 14,000
Jan.-Dec.			Dec. 31		

Dr.	19.	Dec. 31	To Transfer from Remittances Account	14,000	29,319	\$43,319
	"	31	" Balance c/d	.	.	.
	19.	Dec. 31	By Balance, " Profit and Loss Account: (Net gain)	32,602	10,717	\$43,319
				\$		

HEAD OFFICE ACCOUNT

Cr.

## JOURNAL ENTRIES

[illegible]

HEAD OFFICE LEDGER

Dy.										REMITTANCES FROM BRANCH ACCOUNT										Cr.											
19..		Dec. 31		To Branch A/c		.		.		2,786		s. 6		d. 11		19..		Dec. 31		By Cash		.		.		2,786		s. 6		d. 11	

[illegible]

## EXERCISE XXVI—No. 29.

See *Advanced Accounts*, page 151 (under appropriate headings).

## EXERCISE XXVI—No. 30.

The financial position of a concern is gauged according to the position in which an individual stands toward the concern whose balance sheet is the subject of examination.

(a) A *banker* considers the financial position of a concern sound when its floating (or circulating) assets are adequate to meet its current liabilities or, to put it another way, the ability of a concern to meet its liabilities on a forced realization.

(b) A *shareholder* considers a concern financially sound whilst it can maintain its capacity to earn profits, and betrays no apparent embarrassment as regards the relation between its liabilities and the adequacy of assets to meet them.

(c) A *debenture holder* considers a concern financially sound according to the liquidity of its available assets.

(d) An *auditor* takes a more exact view of matters in determining the financial position of a concern. An auditor will closely examine the individual items, both assets and liabilities, their evaluation being arrived at after searching investigation of relevant documents. A sound financial position, after a close study of all important matters has been carried out, is presumed on the following factors—

- (1) Fixed assets are maintained at their full earning valuations.
- (2) Floating or circulating assets are adequate to meet floating liabilities.
- (3) Reserves have been created which are sufficient for contingencies and future liabilities without impairing the general financial soundness of the concern.

## EXERCISE XXVI—No. 31.

## CONVERTED CHICAGO TRIAL BALANCE

	Rate of Ex-change.	
Head Office Account	•	•
Remittances Account	•	•
Stock, 1st Jan.	•	•
Fixtures and Fittings	•	•
Purchases	•	•
Sales	•	•
Sundry Debtors	•	•
Sundry Creditors	•	•
General Expenses	•	•
Discount	•	•
Cash	•	•
Bank	•	•
Profit on Exchange	•	•
14,291	£	1,090
15	£	92
1	£	1,544
15	£	3,542
1	£	3,627
15	£	562
1	£	1,046
15	£	2,786
1	£	6
15	£	11
1	£	3
15	£	8
1	£	7,277
15	£	412
1	£	84
15	£	14
1	£	6,502
15	£	14
1	£	7



## EXERCISE XXVI—No. 24.

(a) *Floating Assets* are assets held for purposes of trading, such as Stocks, Debtors, Bills, etc.  
 (b) *Fixed Assets* are assets acquired for purposes of earning income, such as Plant and Machinery, Horses and Vans, etc.  
 (c) *Preliminary Expenses* are expenses incurred on the flotation of a company, such as Legal Expenses, Stationery, Advertising, etc.  
 (d) *Self-balancing Ledgers* are ledgers which are made capable of producing a Trial Balance independently. The Trial Balance is possible by the introduction of an Adjustment Account, which in its nature is a total account showing the aggregate of transactions, only on opposite sides to the ledger being proved.  
 (e) *Watering of Stock* means that the nominal value of the Capital of a company has been increased without the corresponding increase in receipts from shareholders.  
 (f) *Allonge* is a slip of paper attached to Bills of Exchange for further endorsements.

## EXERCISE XXVI—No. 25.

A *Cumulative Preference Share* is one which carries with it a prior consideration for a dividend—or share of the profit; also a right to arrears on dividends out of future profits.  
 The arrears on dividends referred to do not affect the annual accounts of a company, but a memorandum to that effect may be shown in the Balance Sheet.

## EXERCISE XXVI—No. 26.

See *Advanced Accounts*, page 830, for Specimen of Cost Sheet of a manufacturer.

## EXERCISE XXVI—No. 27.

See *Advanced Accounts*, page 981 (under "Difference between a Statement of Affairs and a Balance Sheet").

## EXERCISE XXVI—No. 28.

The adjustments necessary to show the correct position of the Birchets Mineral Water Co., Ltd., with their customers would be as follows—

19..	(1) Sale or Return Account. To Sundry Debtors. To reduce the charge for supplies of minerals to actual amount supplied.	(2) Provision for Discount on Debtors. To Discount Reserve on Debtors. Charge against profits of sum equal to agreed 10% discount due to customers when accounting for sales.
------	---	---

The above entries properly incorporated in accounts will present the true position of debtors.

## EXERCISE XXVI—No. 22.

## SPECIMEN OF COMBINED SALES AND BOUGHT JOURNAL

Date.	Particulars.	Fol.	Dr.	Cr.	Bought Book.	Sales Book.
19..			f s. d.	f s. d.	f s. d.	f s. d.

## SPECIMEN OF CASH BOOK

(CREDIT SIDE)

Date.	Particulars.	Fol.	Discount.	Cash.	Bank.	Creditors' Ledger.	General Ledger.
19..			f s. d.	f s. d.	f s. d.	f s. d.	f s. d.

(DEBIT SIDE)

Date.	Particulars.	Fol.	Discount.	Details.	Bank.	Sales Ledger.	General Ledger.
19..			f s. d.	f s. d.	f s. d.	f s. d.	f s. d.

## EXERCISE XXVI—No. 23.

The books of account deemed necessary, and the allocation of duties in connection with them, would be as follows—

*Books* *Member of Staff*

Cash Book  
General Ledger  
Private Ledger } Chief Clerk or firm's Accountant

Purchases Book  
Sales Book  
Purchases and Sales Ledgers } Senior Clerk

Wages Book  
Petty Cash Book } Junior Clerk

The Junior Clerk subject to supervision by Chief Clerk, who would advise generally on detail work of office.

Dr.	BILLS PAYABLE ACCOUNT	Cr.
-----	-----------------------	-----

Dy.	BANKER'S DISCOUNT ACCOUNT	Cy.
19..	f s. d.	
Mar. 1	2 16 3	
To Cash	.	

<i>Dy.</i>	R. RUBBLE'S LEDGER	P. PENNSLEY	Cy.
Mar. 19. 1	To Bills Payable .	f 250 s. d.	-
By Bills Receivable .	19. 1 Mar. 1	- f 250 s. d.	-

<i>Dx.</i>	BILLS PAYABLE ACCOUNT	<i>Cy.</i>
19..	To Cash	June 4
<u>\$ 250</u>		By P. Pensley
s. d.		Mar. 1
- -		19..
<u>\$ 250</u>		
s. d.		
- -		

<i>Dy.</i>	BANKER'S DISCOUNT ACCOUNT	Cy.
19..	To Cash	f 2 s. 16 d. 3
Mar 1		

19..	Dr.	CASH ACCOUNT (Bank Column)	Cr.
Mar. 1	To Bills Receivable	250	250
		f	f
		s. -	s. -
		d. -	d. -
Mar. 1	By Bankers' Discount	250	250
June 4	" Bills Payable	250	250
		f	f
		s. -	s. -
		d. -	d. -

## EXERCISE XXVI—No. 19.

## RETURN FOR INCOME TAX

Net Profit as Profit and Loss Account		Add Deductions NOT Allowed—		Income Tax on Business Premises		Life Assurance Premium		Interest on Capital		Ground Rent		Less Dividends (taxed)		Rent of Premises		Taxable Profit	
780	£	55	15	40	75	185	965	60	220	280	£685						

## COMMENTS

The above Return is based on the conclusions that—

- (1) Travelling Expenses of Staff and Proprietor were incurred in the prosecution of matters concerned with the business; and
- (2) Bank Interest was on a temporary overdraft, or other bank accommodation, and not being "annual" interest.
- (3) The Rent of Premises being *not* assessment as for Schedule A, and calculated on Income Tax at 5s, i.e.  $£55 \times 4 = £220$ .

## EXERCISE XXVI—No. 20.

The wages calculations should be made by a wages clerk and recorded in the Wages Book. A cheque should be drawn for the total wages payable and, when cashed, the wages packets made up. On paying wages, a responsible person should make the distribution, the foreman of each department being present when the men in his shop are being paid. The payments should be attested by the person distributing and the respective foremen. The duties of wages clerk should, at various times, be performed by different persons, in order to eliminate, as far as possible, collusion between the wages clerk and employees. The time sheets of employees should be vouched by shop foremen before wages calculations are made. An occasional check on the wages calculations may be made at unspecified times with a view to preventing fraud.

## EXERCISE XXVI—No. 21.

## P. PENSLEY'S LEDGER

Dr.		R. RUBBLE		Cr.			
19.	Mar. 1	To Bills Payable	£ 250	19.	Mar. 1	By Bills Receivable	£ 250
			s. d.				s. d.
			-				-

Dr.		BILLS RECEIVABLE ACCOUNT		Cr.			
19.	Mar. 1	To R. Rubble	£ 250	19.	Mar. 1	By Cash	£ 250
			s. d.				s. d.
			-				-

EXERCISE XXVI—No. 16.

## RETURN FOR INCOME TAX

[illegible]

The firm will be assessed on £1,510, subject to the usual abatements and reliefs to Partners. Wear and Tear (if any) would be deducted from above figure.

EXERCISE XXVI—No. 17.

## RETURN FOR INCOME TAX

	Earned Income	•	•	•	•	•	•	•	Taxable Income	£510
	Unearned Income (War Loan Interest)	•	•	•	•	•	•	•		
	Deductions—									
	Earned Income Relief (1½)	•	•	•	•	•	•	•		
	Wife and Self Allowance	•	•	•	•	•	•	•		
	Children's Allowance (2)	•	•	•	•	•	•	•		
	Dependent Relative Allowance	•	•	•	•	•	•	•		
850		750	750	100	140	100	25	340		
£		£								

The taxpayer is entitled to an abatement from the tax chargeable for his payment of £20 insurance premium.

## EXERCISE XXVI—No. 18.

## RETURN FOR INCOME TAX

Total Income from all Sources	£	8,808
<i>Deductions—</i>		
Earned Income Relief (Maximum to A and B)	300	
Personal Allowance, B	80	
Wife and Self Allowance, A	140	
Taxable Income		£8,288

There will be an allowance for A on the insurance premiums for A and his wife.

## EXERCISE XXVI—No. 12.

(i) The reserve for income tax should be made by apportioning on a time basis the tax payable on the two assessments falling within the company's financial year.

Taking the company's year ended 31st December, 1936, the assessments falling within that year are 1935-6 from 1st January, 1936, to 5th April, 1936, and 1936-7 from 5th April, 1936, to 31st December, 1936. In determining the liability, the ground-rent and debenture interest would fall to be added back to the profits stated, but the net Schedule A assessment on the property on which the ground-rent is paid should be deducted therefrom. Assessments would arise under both Schedule D and Schedule A, both of which should be apportioned on the basis stated above. As the tax for 1936-7 is not payable until 1st January, 1937, the apportioned tax owing should be reserved for on 31st December, 1936. The tax recoverable by deduction on the ground-rent, debenture interest, and dividends does not affect the reserve, but merely the amount of tax to be charged against profits. (ii) The deduction of expenses wholly, exclusively, and necessarily incurred in the performance of duties, the emoluments for which are assessed under Schedule E, may be deducted from the emoluments to be assessed, but, in practice, the taxpayer is usually required to establish the right to such deductions at considerably greater trouble than is called for under Schedule D.

## EXERCISE XXVI—No. 13.

Robert Laws may appeal on (a) and (d). The question of depreciation is now more closely examined by an Inspector of Taxes as circumstances which determine the allowance in regard to it are not the same in all cases, and an appeal would receive consideration. If the subscription to a local hospital was in the nature of a donation to the institution for purposes of securing treatment to his own employees, the contribution would be allowed.

## EXERCISE XXVI—No. 14.

The items enumerated are dealt with as under—

- (a) 5 per cent on *Sundry Debtors* is disallowed and would be added back.
- (b) *Deposit Interest* would remain as a *credit* item in the Account.
- (c) *Dividends received on an issue of shares* would not appear in the account, being an item of a strictly "capital" nature.
- (d) *Losses by embezzlement* would be disallowed, and added back, presuming, of course, an item for "premium" on a third party policy was already in the account. Otherwise, the item would be the subject of careful consideration by the Inspector of Taxes before being allowed as a charge against profits.

## EXERCISE XXVI—No. 15.

Items (a) and (d) are items of a "capital" nature and do not affect the Profit and Loss Account.

*Preliminary Expenses* are not viewed as a business expense, and would be added back.

*Depreciation of Scaffolding* is allowed by the Income Tax authorities at 4 per cent on "Prime Cost." Therefore, if 5 per cent is charged on "Prime Cost" the difference in charge between the percentages must be added back.

Details of items not allo

adjustment of the Profit and Loss Account for income tax purposes are enumerated on pages 1147 and 1148 of *Advanced Accounts* (under "Rules for Calculating Profits").

NOTE. The question of items allowed (or not allowed) is now a subject much within the discretion of the Inspector examining accounts submitted.

STATEMENT SHOWING ALLOCATION OF ASSESSABLE PROFIT  
BETWEEN PARTNERS

TOTAL		£600 1,200	£750 1,800	Share of Assessable Profit divisible equally between partners . . .	£9,000 7,200	£3,150 2,400	£3,000 2,400	£2,850 2,400
B		£250 500	£750 1,800					
J		£200 400	£600 1,800					
K		£150 300	£450 1,800					

## FIRM'S ASSESSMENT

	Assessable Profit.	.	.	.	.	.	Taxable Income	.	£8,310
	Deductions—	.	.	.	.	.	(£80 to each Partner)	.	690
	Earned Income Relief (Maximum to each Partner)	.	.	.	.	.	Personal Allowance	.	450
		.	.	.	.	.		.	240
£ 9,000		.	.	.	.	.		.	
£		.	.	.	.	.		.	

## PARTNERS' LIABILITY

					Share of Assessable Profit	•	•	£ 9,000	£ 3,150	£ 3,000	£ 2,850
					Each Partner—	•	•				
					Earned Income Relief	•	•	£ 7150	690	230	230
					Personal Allowance	•	•	£ 780			
					Taxable Income	•	•	£ 8,310	£ 2,920	£ 2,770	£ 2,620
Total	B	f	K								

Items disallowed are—

Items disallowed are—

Interest on debentures, because it is an item on which tax is recovered by deduction on payment, and is kept in charge on the company on the principle of taxing profits at their source;

Depreciation of plant, because it is a capital loss

Wear and tear allowance may, however, be claimed;

Goodwill written off, because it is a capital loss;

Bad Debts Reserve, unless specific, because it is an estimate of a loss on an arbitrary basis

Subscriptions and donations may or may not be allowed, according to circumstances. The question to determine is whether the items are expenses wholly and exclusively laid out or expended for the purposes of trade with certain possible exceptions such as hospital subscriptions.

## RETURN FOR INCOME TAX

[illegible]

RETURN FOR INCOME TAX

[illegible]

This subject is fully dealt with on pages 1159-1162 of *Advanced Accounts* under "Wear and Tear Allowance").



EXERCISE XXVI—No. 4 (contd.).

charged against accounts for the period from 30th September, 1934, to 30th September, 1935.

An alternative method that would be more correct is indicated in the following account—

Dr. INCOME TAX ACCOUNT Cr.

[illegible]

EXERCISE XXVI—No. 5.

Item	If Allowed	Reasons
------	------------	---------

Income tax.	No.	It is not an expense of running the business, but an amount payable out of profits, when ascertained.
Loss on sale of motor car.	Yes, in some circumstances.	If the car is replaced by another the amount of the actual loss less wear and tear already given is allowed if the replacement cost is not less than such sum, as it is a working loss on plant. If the car is not replaced the loss is not allowed, as it is a capital loss.
Debtenture interest.	No.	Tax must be paid and deducted on payment of the interest, but the debenture holders, to whom the interest is income.
Depreciation of plant.	No.	This is a capital loss, but in the case of plant a wear and tear claim can be made. These are an expense of running the business, and represent moneys paid for services rendered.
Directors' fees.	Yes.	This is not a cost of working the business, but merely a charitable donation
Donation to the building fund of a hospital.	No.	This is not regarded as necessary for working a business, but is paid for an indemnity against loss of profits. If, however, an undertaking is given to bring in for assessment any sums received under such a policy premiums will be allowed.
Premium on loss of profits policy.	No.	This is not regarded as necessary for working a business, but is paid for an indemnity against loss of profits. If, however, an undertaking is given to bring in for assessment any sums received under such a policy premiums will be allowed.
Deductions by cashier.	Yes.	Such a loss is a normal trading risk, and therefore a normal trading loss.

NOTE ON INCOME TAX EXERCISES.

The workings are based on the following reliefs and allowances, so that adjustments will be necessary to arrive at the correct figures based on the latest Finance Act, though the methods of working shown indicate the correct procedure—

EXERCISE XXVI—No. I.

Examples of Income Tax Returns showing allowances, reliefs, etc., as required in the question are on pages 1150-1-2 of *Advanced Accounts*.

EXERCISE XXVI—No. 2.

## RETURN FOR INCOME TAX

[illegible]

EXERCISE XXVI—No. 3.

## RETURN FOR INCOME TAX

[illegible]

EXERCISE XXVI—No. 4.

The method described in the question is not considered to be correct, as the result is that tax for the period from 5th April, 1934, to 5th April, 1935, is



EXERCISE XXV—No. 16.

Dr. TRADING AND PROFIT AND LOSS ACCOUNTS OF BROWN, JONES, AND SMITH  
FOR THE YEAR ENDED 31ST MARCH, 1937

Cr.

	Brighton	London	Total		Brighton	London	Total
To Stock, 1st April, 1936 . . . . .	£	£	£	By Sales	£	£	£
" Purchases . . . . .	16,785	7,390	7,390	" Stock, 31 March, 1937 . . . . .	19,328	92,064	111,392
" Gross Profit carried to Section II . . . . .	4,905	75,275	92,060		2,362	9,041	11,403
		18,440	23,345				
	£21,690	£101,105	£122,795		£21,690	£101,105	£122,795
To General Salaries and Wages . . . . .	1,830	6,195	8,025	By Gross Profit brought from Section I . . . . .			
" Manager's Salary . . . . .	400	2,200	4,000	" Discounts . . . . .	4,905	18,440	23,345
" Trade and Office Expense . . . . .	917	3,664	4,581		38	204	242
" Insurance . . . . .	32	160	192				
" Travelling Expenses . . . . .	29	145	174				
" Bad Debts . . . . .	92	391	483				
" Depreciation of Motor Vans . . . . .	550	1,230	1,800				
" Depreciation of Furniture and Equipment . . . . .	85	370	455				
" Interest Charge in respect of Capital employed . . . . .	35.4		35.4				
" Manager's Commission . . . . .	127		127				
" Net Trading Profit carried to Section III . . . . .	127	4,269	4,396				
	£4,943	£18,644	£23,587		£4,943	£18,644	£23,587
To Interest on Capital—				By Net Trading Profit from Section I—			
Brown . . . . .		780		London Branch . . . . .		4,269	
Jones . . . . .		460		Brighton Branch . . . . .		127	
Smith . . . . .		110					
			1,350	" Interest on Capital employed at Brighton Branch . . . . .			35.4
Net Profit—							
Brown . . . . .		1,938					
Jones . . . . .		1,292					
Smith . . . . .		170					
			3,400				
			£4,750				£4,750

## EXERCISE XXV—No. 14 (contd.).

19.	Mar. 31	To Balance, brought down	2,630	12	s. d.
		Debit Balances, 28th February, 1937	2,664	9	6
		Less Credit Balances, 28th February, 1937	43	17	6
		Difference	2,580	12	-
			£10	-	-

The difference might arise from—

- (a) The extraction of a balance being made at £10 below the actual amount.  
 (b) An addition on the debit side of a Personal Account having been made £10 too little, the Account being balanced, and the balance carried down £10 below the true amount.  
 These are the most likely errors The difference may also arise from—
- (c) The omission to post an item of £10 from the Sales Day Book, or the posting of an item of £5 therein to the credit of the Personal Account, or a "blind" entry on the credit side of a Personal Account of £10, such as for a bad debt not debited to Bad Debts Account.
- (d) A composition of two or more errors.

## EXERCISE XXV—No. 15.

- (a) Write off an appropriate amount for the year, and treat the remainder as an asset.  
 (b) Treat as a reserve in the Balance Sheet on the liabilities side.  
 (c) If thought fit, note on the Balance Sheet as a contingent liability, but the amount should not be incorporated as an actual liability in the effective figures for agreeing the Balance Sheet.  
 (d) Deduct the reserves from debtors and creditors respectively in the Balance Sheet, debiting and crediting the Profit and Loss Account along with the actual discounts, subject, of course, to taking into account any reserves existing at the beginning of the year  
 (e) A profit on sale of old business premises may be treated as a reserve in the Balance Sheet, or taken as a profit in the Profit and Loss Account, as it is possible the premises have been over-depreciated in the past, and crediting Profit and Loss Account would be correcting such excessive depreciation.  
 The former method, however, is probably to be preferred.  
 (f) The same method of placing to reserve as in (e) might be adopted.  
 (g) Place the profit to reserve, and include in the Balance Sheet on the liabilities side.

EXERCISE XXV—No. 14.

*Dr.* A-D SALES LEDGER ADJUSTMENT ACCOUNT

*Cr.*

19. Feb. 28 Mar. 31		19. Feb. 28 Mar. 31	
To Debtors' Balances, brought down	2,459	By Creditors' Balances brought down	47
" Sales	3,589	" Returns	108
" Mrs. Cunningham— <i>nie</i> Miss D. Peters, transfer	9	" Cash	2,891
		" Discounts	93
		" Bills Receivable	250
		" Bad Debts, written off	15
		" Transfer to Bought Ledger—M. Brown	21
		" Balance, carried down	2,630
	46,057		46,057
	16		16
	7		7

EXERCISE XXV—No. 12 (*contd.*).

*Dr.*

JONES & WARE

*Cr.*

19. June 16 July 18	To Consignment Account— Sales " Difference on Exchange	Rupees 34,000 2,286 15	£ 2,286 15	s. 13 12	d. 4 6	19. May 31 June 16 July 18 31	By Landing Charges " Storage and Insurance " Commission " Draft " Balance	Rupees 315 80 850 30,000 2,755	£ 21 5 56 2,015 183	s. 12 6 13 12 13	d. — 8 4 6 4
19. Aug. 15	To Balance . . . . . " Consignment Account— Sales . . . . .	34,000 2,755 7,200 9,955	£2,282 5	10	—	19. Aug. 15	By Storage and Insurance " Commission " Draft . . . . .	54 180 9,721 9,955	3 12 648 £663	12 1 13	— 4 4

*Dr.*

INSURANCE COMPANY

*Cr.*

19. May 31	To Claim for Goods lost in transit	£ 44	s. —	d. —
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EXERCISE XXV—No. 13.

See *Advanced Accounts*, Chap. XVIII.

EXERCISE XXV—No. 12.

Dr.

CONSIGNMENT ACCOUNT

Cr.

		Cases	19..		Cases	19..		Cases
			£	s. d.		£	s. d.	
Apr. 15	To Goods Insurance . . . . .	100	2,126	5 -	May 31	By Insurance Claim—	2	44 -
	" Freight etc. . . . .		35	10 -	June 16	Goods lost in transit . . . . .	80	2,266 13 4
	" Landing Charges—		86	15 -		" Sales—	410	19 11
May 31	" 315 Rupees at 1s. 4d . . . . .		21	-	July 31	" 34,000 Rupees at 1s. 4d. . . . .		
	" Storage and Insurance—					" Stock . . . . .		
	80 Cases for one month = 80 Rupees at 1s. 4d. . . . .		5	6 8				
June 16	" Commission—							
	2½% on 34,000 Rupees = 850 Rupees at 1s. 4d. . . . .		56	13 4				
July 31	" Reserve—							
	Storage and Insurance—							
	18 Cases for two months = 36 Rupees at 1s. 4d. . . . .		2	8 -				
	" Net Profit to Profit and Loss Account . . . . .		387	15 3				
			£2,721	13 3				
19..	To Stock . . . . .	18	410	19 11	19..	By Reserve . . . . .	2	8 -
Aug. 1	" Storage and Insurance—				Aug. 1	" Sales—	480	-
	18 Cases for three months = 54 Rupees at 1s. 4d.* . . . .		3	12 -		7,200 Rupees at 1s. 4d. . . . .		
15	" Commission—							
	2½% on 7,200 Rupees = 180 Rupees at 1s. 4d. . . . .		12	-				
	" Net Profit to Profit and Loss Account . . . . .		55	16 1				
			£482	8 -				
			£2,721	13 3				
			£482	8 -				

\* Net charge 18 at 1s. 4d. = £1 4s. 1c., £3 12s. - £2 8s.



## EXERCISE XXV—No. 10.

VISITORS' LEDGER, 17TH JANUARY, 19..

Room 1.		Room 2		Room 3.		Total.	
£3	11	£	11	£	3	£	3
6	8	6	8	6	6	6	6
5	6	5	6	5	5	5	5
10	4	10	4	10	10	10	10
3	2	3	2	3	3	3	3
1	1	1	1	1	1	1	1
14	6	14	6	14	14	14	14
9	5	9	5	9	9	9	9
£1	2	£1	2	£1	1	£1	1
13	6	13	6	13	13	13	13
6	1	6	1	6	6	6	6
£5	12	£5	12	£5	12	£5	12
14	7	14	7	14	7	14	7
4	1	4	1	4	4	4	4

Brought forward

Apartments

Breakfast

Lunch

Tea

Dinner or Supper

Wines, Spirits, etc.

Baths

Sundries

Cash

Allowances

Transfers

Carried forward

Cr.

D.

## EXERCISE XXV—No. 11.

Dr. SUSPENSE ACCOUNT Cr.

£	38	£	38	£	38	£	38
11	9	11	9	11	9	11	9
6	1	6	1	6	1	6	1
16	4	16	4	16	4	16	4
£48	10	£48	10	£48	10	£48	10
16	3	16	3	16	3	16	3
-	16	-	16	-	16	-	16

To Difference in Trial Balance

" J. Jones

" R. Foley

By Bank

" Salaries Account

" S. Minnett

EXERCISE XXV—No. 9.

Dr.

2000 Shares of £1 each in Desks, Ltd.

Dividends Payable on.....

Cr

		Nominal		Dividends		Principal				Nominal		Dividends		Principal	
		£	s. d.	£	s. d.	£	s. d.			£	s. d.	£	s. d.	£	s. d.
1934 Nov. 30	To Estate Account— 2000 shares at 23s.	2,000	—			2,300	—	1935 Feb. 1	By Cash— Final dividend of £ 10 per cent . . . 200 Less Tax at . . . 4s. 6d.	£	s. d.	£	s. d.	£	s. d.
1935 Nov. 30	Transfer to Income Account			69	7 6					1,000	—	19	7 6	135	12 6
								Mar. 31	" Cash: 1000 shares sold at 25s.					1,250	—
								July 31	" Cash: Interim Dividend of 5 per cent, free of tax on 1000 shares .			50	—		
									" Cash: 500 shares sold at 25s. 6d.	500	—			662	10 6
								Nov. 30	" Balance, carried down	500	—			251	17 6
		£2,000	—	£69	7 6	£2,300	—			£2,000	—	£69	7 6	£2,300	—
Dec. 31	To Balance, brought down	500	—			251	17 6								

Note.—The £500 shares unsold might be brought in at  $\frac{1}{2}$  of (£2,300 — £135 12s. 6d.) and the capital profit resulting carried to Estate Account. If this is done annually, however, the Estate Account is cumbered with "paper" profits or losses, and it is considered the best course to take into account capital profits or losses only when the whole holding of an investment has been realized.

EXERCISE XXV—No. 8 (*contd.*).

	Share in Above £25,750	Share in Capital in which Widow has a Life Interest	Total	Advances Brought Into Hotchpot	Balances
	£ s. d.	£ s. d.	£ s. d.	£ s. d.	£ s. d.
Share of Surviving Son	6,437 10 —	3,437 10 —	9,875 — —	4,500 — —	5,375 — —
Shares of Surviving Daughters—					
A	6,437 10 —	3,437 10 —	9,875 — —	— — —	9,875 — —
B	6,437 10 —	3,437 10 —	9,875 — —	— — —	9,875 — —
Shares of Surviving Grandchildren—					
C	2,145 16 8	1,145 16 8	3,291 13 4	2,500 — —	791 13 4
D	2,145 16 8	1,145 16 8	3,291 13 4	2,500 — —	791 13 4
E	2,145 16 8	1,145 16 8	3,291 13 4	2,500 — —	791 13 4
					£27,500 — —



1936 Jan. 1				1936 Jan. 1			
To Loan on Mortgage on Freehold House at 5 per cent. Add Interest, 1st October 1935, to 1st Jan., 1936. Less Tax at 4s. 6d.				By Sundry Assets as valued for Estate Duty Account, viz— Cash in the house. Cash at Bank Household Furniture, etc. £2,000 War Loan at 10½ Loan to C., at 5 per cent. Add Interest, 1st November, 1935, to 1st January, 1936 Less Tax at 4s. 6d.			
£	s.	d.		£	s.	d.	
1,500	—	—		21	—	—	
18 15	—	—		276	—	—	
4	4	4		475	—	—	
				2,115	—	—	
				1,000	—	—	
14	10	8					
				8	6	8	
				1	17	6	
				6	9	2	
				2,200	—	—	
				1,000	—	—	
£7,093	9	2					
30	—	—					
				7,093	9	2	
				£7,093	9	2	
				5,472	18	6	

4 per cent Duty on £5,472 18s. 6d. = £218 18s. 4d.

THE PERNET MANUFACTURING CO., LTD.

MANUFACTURING ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1940

[illegible]

THE PERNET MANUFACTURING CO., LTD.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1940

954





## TEST I—No. 1.

When a bank overdraft has been collaterally secured by the issue of Debentures, the Debentures so issued should be entered "short" on the Liabilities side of the Balance Sheet, as below—

BALANCE SHEET  
(CAPITAL AND LIABILITIES SIDE ONLY)

	£	s.	d.	£	s.	d.
<i>Authorized Debentures—</i>						
800 Bonds of £50 each . . . . .	40,000	—	—			
<i>Issued Debentures—</i>						
600 Bonds of £50 each . . . . .				30,000	—	—
Bank Overdraft . . . . .				4,000	—	—
(Collaterally secured by Issue of £5,000 Debentures)						

## TEST I—No. 2.

According to Article 13 of Table A, a company is empowered to charge Interest on Calls in Arrears at the rate of 5 per cent, and not at 10 per cent as charged by the company. It would seem reasonable to assume that Interest on Calls in Advance should be provided for, against defaulting shareholders being charged interest. (See also *Advanced Accounts*, pages 620 and 621.)

## TEST I—No. 3.

The documents, or other information required before passing the Share Certificates as correct, are as detailed below—

(1) Old Share Certificates covering the distinctive numbers included in the new certificates to be surrendered.

(2) The Share Transfer—transferring the shares to the person in whose favour the new certificate is prepared—duly signed by the transferor and transferee, should be inspected.

(3) Satisfactory evidence of the following facts must be forthcoming—

- (a) That the transfer fee has been paid.
- (b) That the transfer has been properly stamped.
- (c) The new share certificate to be closely examined as to its accuracy in the details inserted.
- (d) The transfer lodged when the transferor acquired the shares.
- (e) Agreement of particulars relating to the shares as entered in the Share Register with particulars of shares given in the transfer.

## TEST I—No. 4.

See example of form of Bin Card on page 818 of *Advanced Accounts*.

## BLANKS, LTD.

*Dr.* MANUFACTURING AND PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 1939 *Cr.*

	£	s.	d.	£	s.	d.	£	s.	d.
To Stock, 1st January, 1938				21,872	—	—	By Sales	131,740	—
" Purchases	67,854	—	—				Less Returns Inward	321	—
Less Returns Outward	927	—	—						
" Factory Wages				66,927	—	—	" Stock, 31st December		
" Factory Expenses—				22,810	—	—			
Machinery Repairs	387	—	—						
Interest and General Expenses	3,315	—	—						
Insurance	675	—	—	4,377	—	—			
• Depreciation—									
Machinery and Plant	5,836	—	—						
Loose Tools	615	—	—	6,451	—	—			
" Balance, Gross Profit c/d				30,723	—	—			
				£153,160	—	—			£153,160
To Salaries and Expenses				6,391	—	—	By Trading Account, Gross Profit b/d		30,723
" Interest and General Expenses				683	—	—	" Apprentice Premiums		400
" Insurance				135	—	—	" Appreciation of Investments		800
" Travellers' Salaries and Expenses				5,146	—	—			
" Bad Debts				1,127	—	—			
" Directors' Fees				1,200	—	—			
" Discounts				475	—	—			
" Depreciation of Motor Lorries				1,382	—	—			
" Balance, Net Profit c/d				15,104	—	—			£31,923
				£31,923	—	—			

## APPROPRIATION ACCOUNT

<i>Dr.</i>	£	s.	d.	<i>Cr.</i>	£	s.	d.
To Interim Dividend paid on "A" 6% Preference Shares				By Current Year's Profit b/d	15,104	—	—
" Balance to Balance Sheet							
					£15,104	—	—

BALANCE SHEET AS AT 31ST DECEMBER, 1939

958

JOURNAL OF McARTHURS, LTD.

19..		£	s.	d.	£	s.	d.
Feb. 1	Appropriation A/c . . . . . Dr	5,000	-	-			
	To Reserve A/c . . . . .				5,000	-	-
	Preference Share Dividend A/c . Dr	1,750	-	-			
	To Preference Shareholders . . . . .				1,750	-	-
	Preference Shareholders . . . . . Dr	1,750	-	-			
	To Income Tax (tax at say, 4s.) . . . . .				350	-	-
	„ Bank . . . . .				1,400	-	-
	Appropriation A/c . . . . . Dr	1,750	-	-			
	To Preference Share Dividend A/c . . . . .				1,750	-	-
	Ordinary Share Dividend A/c . Dr	10,000	-	-			
	To Ordinary Shareholders . . . . .				10,000	-	-
	Ordinary Shareholders . . . . . Dr	10,000	-	-			
	To Income Tax (tax at, say, 4s.) . . . . .				2,000	-	-
	„ Bank . . . . .				8,000	-	-
	Appropriation A/c . . . . . Dr	10,000	-	-			
	To Ordinary Share Dividend A/c . . . . .				10,000	-	-
	£	40,250	-	-	40,250	-	-

## Cr:

		£	s.	d.	19..			£	s.	d.
Feb. 1	To Reserve . . . . .	5,000	-	-	Feb. 1	By Balance . . . . .	3,748	-	-	
	„ Preference Dividend . . . . .	1,750	-	-	Dec. 31	„ Profit for year . . . . .	19,748	-	-	
	„ Ordinary Dividend . . . . .	10,000	-	-						
	„ Balance c/d . . . . .	6,743	-	-						
		<u>£ 23,493</u>	-	-			<u>£ 23,493</u>	-	-	
					Feb. 1	By Balance b/d . . . . .	6,743	-	-	

## Cr.

[illegible]

TEST II—No. 1 (*contd.*)

Dr		INCOME TAX ACCOUNT				Cr.	
				19..		£	s. d.
				Feb. 1	By Pret. Shareholders	350	- -
				" 1	" Ordy. Shareholders	2,000	- -

## TEST II—No. 2.

The necessary entries for the issue of shares at a premium (applicable to any class of share) are set out on pages 603 and 604 of *Advanced Accounts*.

## TEST II—No. 3

It may be assumed that as the directors of the company are empowered according to the Articles of Association of the company, to allow interest on Calls in Advance there would be an obligation to make provision for such interest when preparing the accounts for the financial year. The necessary entries to bring interest on Calls in Advance into account are as under—

## JOURNAL

Interest Payable A/c . . . . . Dr.  
To Shareholders

(See also *Advanced Accounts*, pages 620 and 621.)

## TEST II—No. 4.

This item of overhead relates to the attempt to ascertain the expense of running each machine in order to be able to charge the work done on the machines with the actual expense due to work being performed. When the actual cost has been ascertained for the total estimated running hours, the overhead is usually applied as a percentage of such cost and charged against a job in the ratio the "total" time run by the machine bears to the actual time run on the specific job.

### PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1938

Gr.

	£	s.	d.
To Discounts . . . . .	—	—	—
" Salaries and Commission . . . . .	1,175	—	—
" Directors' Fees . . . . .	7,291	—	—
" Office and Trade Expenses . . . . .	1,500	—	—
" Paid Debits . . . . .	2,368	—	—
" Depreciation of Plant and Machinery . . . . .	122	—	—
" Leasehold Redemption Fund . . . . .	5,700	—	—
" Balance, Net Profit . . . . .	1,200	—	—
	28,181	—	—
	£47,537	—	—
By Trading Account, Gross Profit . . . . .	£47,537	—	—

## BLANKS, LTD.

## BALANCE SHEET AS AT 30TH JUNE, 1938

	CAPITAL AND LIABILITIES.	£	s.	d.	£	s.	d.	PROPERTY AND ASSETS.	£	s.	d.	£	s.	d.
	Nominal Capital—													
	50,000 5% A Preference Shares of £1 each	50,000	—	—				Leasehold Premises	38,000	—	—	40,000	—	—
	200,000 7% B Preference Shares of £1 each	200,000	—	—				Plant and Machinery	5,700	—	—	—	—	—
	200,000 Ordinary Shares of £1 each	200,000	—	—				Less Depreciation				32,300	—	—
		<u>£450,000</u>	—	—				Policy Account for Leasehold Redemption (see Contra Account)				14,805	—	—
	Issued Capital—							Goodwill				75,000	—	—
	50,000 5% A Preference Shares of £1 each, fully paid	50,000	—	—				Stock-in-Trade				103,523	—	—
	100,000 7% B Preference Shares of £1 each, fully paid	100,000	—	—				Sundry Debtors	84,560	—	—	—	—	—
	150,000 Ordinary Shares of £1 each, fully paid	150,000	—	—				Less Bad Debts Reserve	500	—	—	—	—	—
								Cash at Bank and in hand				84,080	—	—
	Sundry Creditors				300,000	—	—					27,391	—	—
	Income Tax Reserve				23,552	—	—							
	Leasehold Redemption Fund, 1st July, 1938*	13,200	—	—	4,948	—	—							
	Add Transfer from Profit and Loss	1,200	—	—										
	Add Interest at 3%	405	—	—										
					14,805	—	—							
	Profit and Loss Account—													
	Balance Available				33,774	—	—							
					<u>£377,079</u>	—	—					<u>£377,079</u>	—	—

STATEMENT OF PROFIT AND LOSS OF A AND B FOR THE YEAR ENDED 31ST DECEMBER, 1938

962





## TEST III—No. 2

Dr.

## TOTAL DEBTORS' ACCOUNT

Cr.

1937 Dec. 31 1938 Dec. 31	To Debtors in France at this date " Sales during the year . " Profit on Exchange .	Fcs. 172,320-00 988,310-00	£ 990 5,713 36	s. d. — — —	1938 Dec. 31	By Amount received during the year " Debtors at this date at 17s exchange .	Fcs. 1,074,280-00 84,350-00	£ 6,257 482	s. d. — — —
1939 Jan. 1	To Debtors in France at this date .	1,160,630-00	£6,739	—			1,160,630-00	£6,739	—
		84,350-00	482	—					—

... The first debit represents the total of the Debtors' list in Fcs. and sterling at 31st December, 1937. The second debit is the total sales for the year in Fcs. and sterling. The third debit is the difference between the sterling values of the commencing debtors and sales, and the amount realized for them plus the sterling value of the closing debtors at the rate of exchange prevailing at the balancing date. The first credit is the actual amount remitted in Fcs. and the sterling amount realized for them. The second credit is the total of the Debtors' list in Fcs. and sterling at 31st December, 1938.

## SINKING FUND ACCOUNT

Cr.

Dr.

		1936		1937		1938				£	s.	d.
		Dec. 31		Dec. 31		Dec. 31						
								By Profit and loss Account				
										1,600		
								Interest			56	
								" Profit and Loss Account		1,600		
										3,256		
								Interest			113	19
								" Profit and Loss Account		1,600		
										£4,969	19	2

## INVESTMENT ACCOUNT

Cr.

Dr.

		£		s.		d.							
		1936		1937		1938							
		Dec. 31		Dec. 31		Dec. 31							
								To Bank		1,600			
								" Bank		1,656			
								" Bank		1,713	19	2	
										£4,969	19	2	

## BALANCE SHEET AS AT 31ST DECEMBER, 1938

		LIABILITIES		ASSETS									
		£		s.		d.							
		1938		1938		1938							
		Dec. 31		Dec. 31		Dec. 31							
								Debitures Sinking Fund Account					
										20,000			
										4,969	19		
										4,969	19		

When repayment of the debentures takes place, the investment will be realized, bank being debited and the investment credited. Any balance that may remain on the latter account will be transferred to the Sinking Fund Account. The Debenture Discount Account will be transferred to the Sinking Fund Account, the balance of which will be transferred to a Reserve Account. The Debentures will be discharged, the Debentures Account being debited and bank credited.

## TEST III—No. 4

<i>Dr.</i>		MACHINERY ACCOUNT				<i>Cr.</i>		
		£	s.	d.		£	s.	d.
To Bank—					By Sale of Scrap . . .	75		
Cost of Machine . . .	2,000		—		„ Amount written off to			
Cost of Erection . . .	100		—		Depreciation Fund . .	1,975		
Cost of New Machine . .	2,300		—		„ Balance, carried down	2,350		
		£4,400				£4,400		
To Balance, brought down	2,350		—					

<i>Dr.</i>		DEPRECIATION FUND				<i>Cr.</i>		
		£	s	d.		£	s.	d.
To Cost of Scrapping Machine	20	-	-		By Amount of Fund as stated	1,650	-	-
„ Loss on Realization of Investment	90	-	-		„ Profit and Loss Account	435	-	-
„ Amount written off Machinery	1,975	-	-					
	<u>£2,085</u>	-	-			<u>£2,085</u>	-	-

<i>Dr.</i>		INVESTMENT ACCOUNT				<i>Cr.</i>		
		£	s.	d.		£	s.	d.
To Balance . . .	1,650	-	-		By Bank . . .	1,580	-	-
					„ Loss on Realization . .	90	-	-
		£1,650	-	-		£1,650	-	-

<i>Dr.</i>		BANK ACCOUNT				<i>Cr.</i>		
		£	s.	d.		£	s.	d.
To Sale of Scrap . . .	75	-	-		By Machine . . .	2,000	-	-
„ Investments . . .	1,560	-	-		„ Cost of Erection . . .	100	-	-
					„ Cost of Scrapping Machine . . .	20	-	-
					„ Cost of New Machine . .	2,300	-	-

## TEST III—No. 5.

(a) Liabilities of customers for acceptances, endorsements, and other engagements denote bills which the bank has accepted or endorsed on behalf of its customers. This is usually done in the case of foreign bills, as it greatly facilitates their negotiation abroad. The customer is, of course, liable to the bank, while the bank is liable to the parties abroad. These items, therefore, appear on both sides of the balance sheet.

(b) Money at call or short notice denotes loans to bill brokers, stock brokers, and others on securities called "Floaters" (i.e. exchequer bonds, consol certificates, and other first-class securities). Advances are also made on Dock Warrants, Consignments, Produce Documents, etc.

(c) Current Deposit and other Accounts, including provision for Contingencies, denotes the liability of the bank to its customers, repayable on demand or after a short period of notice. Provision may also be included in the item for staff pension fund, secret reserves, and any balances which it is not thought needful to describe with more particular detail.

**TEST III—No. 6.**

(a) An appropriation of profit is the allocation of profit earned to some particular purpose, such as the payment of a dividend, the setting aside to reserve of some specified sum or an arbitrary amount written off goodwill.

(b) A charge against profit is an item of expense that has been incurred in earning profit.

(i) Directors' fees are a charge against profits as the fees represent remuneration paid to directors for services rendered in conducting the business of the company.

(ii) Debenture interest may be regarded as either a charge against profits or an appropriation of profit. It may be said that the interest is an essential cost of working the business, and from that point of view is a charge against profits. On the other hand, it can be argued that if the company had issued shares to an extent to provide the funds necessary to run the business, borrowing would not have had to be resorted to and debenture interest would not have arisen, and that, consequently, the interest is remuneration to money invested in the business on debentures, just as a dividend is remuneration to money invested in the business in shares. It is also thought that the Profit and Loss Account should show profit arising from pure trading, and not have charged against it in arriving at trading profits an item like debenture interest, which would not have arisen if the company had issued sufficient share capital and avoided borrowing.

(iii) Bad Debts Reserve is a charge against profits because it represents a provision for probable losses arising in trading.

(iv) A General Reserve is an appropriation of profit because it is merely the setting aside of profit earned, and is not a cost of earning profit.

(v) Dividends paid is an appropriation of profit, being merely a distribution of profit and not a cost of earning it.

TEST III—No. 7.

Dr.

3½ PER CENT WAR STOCK. INTEREST PAYABLE 1ST JUNE AND 1ST DECEMBER

Cr.

		Nominal		Interest		Capital		Nominal		Interest		Capital	
		£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.	£	s. d.
1937 Mar. 31	To Bank: £4,000 Stock at 106 . . . . .												
	„ Brokerage . . . . .												
Sept. 30	„ Transfer to Interest A/c .	4,000	—	46 13 4	8	4,208	6 8	1,000	—	14 11 8	8	1,035	8 4
				55 8 4						52 10 —			
								3,000	—	35 —		3,172	18 4
		£4,000	—	£102	1 8	£4,208	6 8	£4,000	—	£102	1 8	£4,208	6 8
Oct. 1 1937	To Balance, b/d . . . . .	3,000	—	35 —	—	3,172	18 4						

## TEST III—No. 8.

See *Advanced Accounts*, page 612 The *pro forma* Journal entries relating to forfeiture are—

Share Capital Account.

To Forfeited Shares Account.

Cancellation of called-up capital on shares forfeited.

Forfeited Shares Account.

To Share Call Account.

Amount of unpaid calls written off.

## TEST IV—No. 1.

(a) Gross Profit, £4,518.

(b) Expenses, £2,158 (excluding Depreciation, £418).

(c) Net Profit, £1,942.

(d) *Capital Accounts*—

	A			B		
	£	s.	d.	£	s.	d.
Balance 1st Jan., 1938 .	8,233	-	-	5,996	-	-
Add Share of Net Profit	971	-	-	971	-	-
	<hr/>			<hr/>		
	9,204	-	-	6,967	-	-
Less Drawings . . .	900	-	-	750	-	-
	<hr/>			<hr/>		
Balance 31st Dec., 1938 .	<u>£8,304</u>	-	-	<u>£6,217</u>	-	-

	PROOF					
	£	s.	d.	£	s.	d.
Assets (as question) . . .						15,625 - -
Capital A . . . . .	8,304	-	-			
" B . . . . .	6,217	-	-			
	<hr/>			14,521	-	-
Creditors . . . . .				1,104	-	-
				<hr/>		
						<u>£15,625 - -</u>

## TEST IV—No. 2.

## GENERAL LEDGER

## SALES LEDGER ADJUSTMENT ACCOUNTS

Cr.

Dr

	(Town)		(Country)		(Town)		(Country)	
	£	s. d.	£	s. d.	£	s. d.	£	s. d.
To Balance	3,175	9 8	1,942	1 6	By Balance b/f	.	.	.
" Sales	1,933	9	1,408	16 3	" Cash	.	.	.
" Balance	19	2 9	5	9 3	" Discounts	.	.	.
" Difference as Country Sales Ledger	4	6 6			" Returns	.	.	.
					" Bad Debts	.	.	.
					" Bills Receivable	.	.	.
					" Balance c/f	.	.	.
					" Difference as Town Sales Ledger	.	.	.
	£5,131	19 8	£3,356	7				

An inference that may fairly be drawn from above accounts is that the amount £4 6s. 6d. is an item of transfer for £2 3s. 3d. posted in reverse, i.e. Town Debtors being credited in error for Country Debtors.

## TEST IV—No. 3.

See *Advanced Accounts*, pages 124 onwards.

## TEST IV—No. 4.

See *Advanced Accounts*, pages 545 onwards.







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